

STATE OF MARYLAND
BOARD OF PUBLIC WORKS
GOVERNOR'S CONFERENCE ROOM
STATE HOUSE
ANNAPOLIS, MARYLAND

April 11, 1984

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P R E S E N T:

GOVERNOR HARRY HUGHES, III, Presiding;

HONORABLE LOUIS L. GOLDSTEIN, Comptroller;

HONORABLE WILLIAM S. JAMES, Treasurer;

SANDRA K. REYNOLD, Secretary, Board of Public
Works;

EARL SEBODA, Secretary, Department of General
Services;

LOUIS H. STETTLER, III, Secretary, Department
of Budget and Fiscal Planning;

CONSTANCE LIEDER, Secretary, Department of
State Planning;

FREDERICK L. ESKEW, Assistant Secretary, Capital
Improvements Program; and,

BARBARA B. ALLEN, Administrative Assistant,
Board of Public Works.

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P R O C E E D I N G S

GOVERNOR HUGHES: The first item we'll take up before we go with the public appearances is the setting of the State property tax rate for the fiscal year 1985, and that's Item 27, page 47 of the Secretary's Agenda, and it has a report of the Commission on State Debt, which I'm pleased to hear has gone down. Mr. Comptroller, you want to address this item?

MR. GOLDSTEIN: Yes, sir. Governor, we've sent out the report of the Commission on the State Debt. We met last week. We have to establish this rate prior to May 1, and this is the last meeting that we'll have prior to that date. So we can notify the 23 counties and Baltimore City. The rate is being set at 21 cents; and, if you read the commentary, we give the background as to the General Construction Bonds, the Public School Bonds, and the payment of interest on bonds issued prior to 1967.

On page two, we list the big impact on the State GL Bonds. That's also set forth in Exhibit A, because of the School Construction Program starting in 1971 where we spent approximately a billion, seven hundred million dollars.

If you refer to Schedule I, page four, you'll see we're carrying over \$9,677,218, which would be the balance of the funds which will be available for the 1985 fiscal year. All right. On page five, we stress that Exhibit A provides the data on the value of bonds issued, redeemed and outstanding for fiscal years '84 and '85. It also indicates a breakdown of bonds serviced by the property tax, those repayable by State agencies, political subdivisions and others. It's significant to note the total outstanding bond debt expected to decline from two billion, four hundred and nine million -- right in the middle of the page -- eight ninety, June 30, '83, to two billion, three hundred and fourteen million.

MR. JAMES: That's authorized.

MR. GOLDSTEIN: That's right, that's authorized.

MR. JAMES: Not outstanding, but authorized?

GOVERNOR HUGHES: No, no, no. It says outstanding.

MR. GOLDSTEIN: No, no, no, no. This is already sold, Bill. This is already sold.

MR. JAMES: Well, it's already sold, two billion -- what did you say?

MR. GOLDSTEIN: Two billion, four-oh-nine.

MR. JAMES: Oh, that's outstanding.

MR. GOLDSTEIN: That's right.

GOVERNOR HUGHES: Yes.

MR. JAMES: Yes.

MR. GOLDSTEIN: And then we cut it back to two billion, three hundred and fourteen, approximately, ninety-five million dollars.

MR. JAMES: Okay.

MR. GOLDSTEIN: And then Exhibit B is a list of bond authorizations passed by the recent session of the Maryland General Assembly, approximating two hundred and nine million, seven hundred and ninety-nine thousand, new debt, if you sell all those bonds, which is within the parameters, headed by the committee of Senator James, the Committee on the State Bonded Debt; and that's \$200,000 less than the Capital Debt and Affordability Committee recommended. So that's the whole of that.

Now, Schedule Number II will show you the balance of estimated cash available as of end of fiscal '85. It would be \$754,458. So the 21-cent rate is enough money to really cover all the bonds that may be issued during fiscal year '85.

Now, the real meat of the presentation is on Exhibit A. You take the first part of that exhibit, Bond Indebtedness, General Obligation Bonds, fiscal year '84; and the balance outstanding of June 30, '83 was two billion, four-hundred-ninety, and we paid back \$212,275,000 in fiscal year '84. So the bonds outstanding, already been sold, is \$2,314,315,000. That's ninety-five and a half million dollar reduction.

Then you take the second parameter down there. We show the balance outstanding of '84, two billion three hundred and twenty million. We're estimating to sell two hundred and twenty million at two bond sales during the '85 fiscal year, and we hope to redeem two hundred and twenty-two million. So the estimated bonds outstanding of June 30, '85 will be two billion, three hundred and twelve million dollars; and we hope to have two bond sales, as suggested by the State Treasurer, in August of a hundred and twenty million and, in February '85, a hundred million.

MR. JAMES: I move we accept the rate at 21 cents.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the State property tax rate for the fiscal year 1985 be set

at 21 cents per \$100 valuation, which is the same rate that exists now.

I think there's an interesting thing here, that is frequently overlooked; and that is that, for the next year, there will be ninety-four and a half million dollars of General Funds used to pay debt service. It's not all the property tax that's used.

MR. GOLDSTEIN: Right.

GOVERNOR HUGHES: And that doesn't include the General Funds, as I recall, that are spent to pick up the old school debts of local governments.

MR. GOLDSTEIN: Right.

GOVERNOR HUGHES: So there's a tremendous amount of General Funds being used to pay the State debt off, actually more so than what is collected from the property tax itself, and I think that that's generally overlooked by most people.

MR. JAMES: I think another thing that is salutarious, that we're gradually paying off that local school debt, and that is getting smaller and smaller. Bob, what is that now?

MR. SWANN: It's now less than a billion dollars.

It will be three hundred and ninety-three million at the end of this year, school debt.

MR. JAMES: I'm talking about the local pick-up.

GOVERNOR HUGHES: The one the State assumed, that's way down, isn't it?

MR. RADER: Yes, a hundred million.

MR. GOLDSTEIN: Another observation I want to make, Governor, in 1841, the State tax rate was 20 cents per \$100. Here it is 1984-'85, it's 21 cents.

GOVERNOR HUGHES: You've kept it down pretty well over the years.

MR. GOLDSTEIN: Yes, sir. So here we go through the year, we didn't have to have a tax raise to pass the seven billion dollar budget; don't have to have a tax raise to raise the money to pay off the bonds as they mature. So we're in excellent shape in the State of Maryland.

MR. JAMES: A final comment might be that the last paragraph of the report, on page five, at the bottom of the page, showing that the authorized debt has been slowly coming down, and this is the sixth year in succession that the authorized debt has shown a decrease. Now, that really is

your ultimate test.

MR. GOLDSTEIN: That's right.

MR. JAMES: It's like slowing up a battleship when you start to try to get your capital debt under control. It has to be done over a long period of time, and that's very encouraging.

GOVERNOR HUGHES: Yes, it is. All right. Is there any further discussion of the motion?

(No response.)

GOVERNOR HUGHES: If not, all in favor of the motion, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. GOLDSTEIN: Thank you.

GOVERNOR HUGHES: The item is approved, and the State property tax rate for fiscal year '85 will be 21 cents.

Now we go to public appearances. Maryland Historical Trust, Secretary's Agenda, page 48, is the next item, the Brice House. Who do you want to hear from first?

MR. JAMES: Well, I think we got the complaint from --

MS. SYMONDS: Excuse me, I thought this was the Maryland Historical Trust presentation.

MR. JAMES: Yes.

MS. SYMONDS: I'm speaking on behalf of Historic Annapolis, Incorporated.

MR. JAMES: Would you enter your name in the record.

MS. SYMONDS: Mary Pringle Symonds, President of Historic Annapolis, Incorporated. As I understand it -- well, I will read my statement. I'm not happy to be here under these circumstances, but Historic Annapolis, Incorporated feels morally obligated to make our concerns about the restoration of the Brice House known to the Board of Public Works. I have a statement here which I will read.

When the James Brice House was put on the market in 1979, Historic Annapolis immediately began fund raising for its purchase. We approached several Maryland organizations with suggestions that they purchase the property. One of these was the Maryland Historical Society, or that they donate to HA funds for the purchase of this magnificent building. The Maryland Historical Trust, the Society for the Preservation

of Maryland Antiquities, and the National Trust for Historic Preservation were approached. As none of these organizations responded favorably, HA continued its own fund raising and requested assistance from the State. To our great relief, the State responded with a \$600,000 grant, and Historic Annapolis raised matching money, \$200,000 from its members and \$400,000 from others. This made a total of \$1,200,000.

Meanwhile, the International Union of Bricklayers and Allied Craftsmen and the International Masonry Institute purchased Brice House at auction for \$1,305,000. The State owned an easement on the exterior of Brice House, but there was not protection for the exceptionally important and beautiful interior architecture. In addition, preservation experts believed other long-term protection was necessary. As a result of a year and a half of expensive and intensive legal negotiations, Historic Annapolis was successful in obtaining certain rights to protecting Brice House, among them, one, an easement in perpetuity on the first floor interior of the main wing; two, an agreement on the quality of archaeology done and the right of Historic Annapolis to do whatever archaeological work that the International Masonry Institute

did not complete; three, ownership of the land itself; four, the right of 100 days of tours; and, fifth, rights of first refusal in the event that the property was sold.

Historic Annapolis was the sole preservationist participant in the negotiations that led to this long-term protection of numerous very significant aspects of Brice House. The negotiations were time-consuming and costly but worth it to us, as we believed the State's exterior easement and the rights secured by HA were sufficient to prevent any damage to Brice House.

Historic Annapolis has managed five historic house restorations for the State and eight for ourselves and others. These buildings ably demonstrate the success of Historic Annapolis' preservation methods.

We believe our archaeological agreement on Brice House to be very important; however, the International Masonry Institute is not adhering to its provisions, which is due in part to the Maryland Historical Trust's failure, despite our requests, to cooperate with us in coordinating mutual interests and high standards for important archaeological work on the site.

Using the experience gained in restoring 12 buildings and the advice of masters of architectural restoration, Historic Annapolis has developed a system of restoration that saves the maximum amount of the original fabric of historic buildings. Our policy is that of the National Trust for Historic Preservation. To quote them, "It is better to preserve than restore, better to restore than reconstruct."

We are amazed that the system approved by the Maryland Historical Trust for the James Brice House has resulted in reconstruction of the brick walls of the west wing. Sadly, in our eyes, Brice House can no longer be considered as an original 18th century structure. The work done on its west wing is not preservation, is not restoration, but is clearly reconstruction.

GOVERNOR HUGHES: Any questions of Ms. Symonds?

MR. GOLDSTEIN: Ms. Symonds, have you had an archaeologist inspect it, or have you done it yourself?

MS. SYMONDS: We've had -- we have a professional archaeologist from the staff of the University of Maryland in the Department of Anthropology there.

MR. GOLDSTEIN: Have they made an inspection of this?

MS. SYMONDS: They have looked at the work, yes.

MR. GOLDSTEIN: Have they given you a written report?

MS. SYMONDS: I think we have notes, but not a written report. They have been very concerned, as I'm sure you're --

MR. GOLDSTEIN: Well, have they talked to Mr. Little or any of his people about it?

MS. SYMONDS: Yes, they have talked to Mr. Little.

MR. GOLDSTEIN: And they have agreement or disagreement?

MS. SYMONDS: I would say, apparently, they have a disagreement as how things should proceed.

MR. GOLDSTEIN: Well, maybe we ought to hear from Mr. Little about it. Thank you, ma'am.

MR. JAMES: Well, the question before the Board right now is that -- Mr. Little has written a letter to the Board asking for the Board's authority to act as its agent to enforce -- administer the Board of Public Works' easement, and that letter says that he will ask the advice and counsel of Historic Annapolis in performing that job, together with --

I think the issue is what role Historic Annapolis seeks to play with its input into approving the enforcement of the architectural easement that this Board of Public Works has. I think that's basically the issue here.

MS. SYMONDS: Yes. This was not brought up by Historic Annapolis, but --

MR. JAMES: Yes. Well, what's the position of Historic Annapolis on that issue?

MS. SYMONDS: I think our Board of Directors would like to do anything possible to make this the finest possible restoration in Maryland, living up to the best standards, which I think we have maintained over the years of restoration in the capital city of Maryland.

MR. JAMES: I'm reading from Mr. Little's letter: "Maryland Historic Trust respectfully requests the Board of Public Works to confirm the existing practice and policy of the Trust's administration of the Brice House easement terms by formally designating the Trust the Board's agent in administration of the '76 easement. In recognition of demonstrated interest of Historic Annapolis, in the preservation of Brice House, the Trust will seek their assistance and

advice in our dealings and decisions regarding the property, also solicit advice from other organizations."

Are you satisfied with that?

MS. SYMONDS: Frankly, no.

MR. JAMES: Well, I think that's the issue, and I just wanted to --

MS. SYMONDS: I would like to point out that Historic Annapolis has a very great financial interest in this building as well as a moral and long-term philosophical interest in this type of restoration.

MR. JAMES: Well then, as I interpret it, you want the right of approval.

MS. SYMONDS: Yes. We would like to be able to work with the Trust on an equal footing.

MR. JAMES: I'm just trying to narrow the issue, so we won't be here all day.

MS. SYMONDS: Thank you.

GOVERNOR HUGHES: We're going to be here, anyway.

MR. JAMES: All right.

GOVERNOR HUGHES: Any further questions of Ms. Symonds?

(No response.)

GOVERNOR HUGHES: Thank you.

MR. JAMES: All right.

GOVERNOR HUGHES: Mr. Little.

MR. LITTLE: Thank you. I'm here to support the --

GOVERNOR HUGHES: Rodney, just for the record, identify yourself.

MR. LITTLE: Rodney Little, Director of the Maryland Historical Trust; and, while that's my job, I think that a couple of other identifiers I'd like to put on the record because I think that the professional qualifications of our agency have been brought into question. For the record, I --

MR. JAMES: I don't think that's necessarily true. I don't --

MR. LITTLE: Well, Mr. Treasurer, certain allegations about the propriety of the work have been made, which I feel I do need to respond to.

MR. JAMES: Okay. Go ahead.

MR. LITTLE: I'll leave off the other identifiers that I wanted to put in here for the moment. This project is one we've been involved with for over two years. We were

involved in the earliest stages of planning. It's a very complex project. Two issues have been raised by Historic Annapolis here this morning. One of them relates to the quality of the archaeology done on the project. The other relates to the fact that two walls, particularly on the west wing, were, in fact, taken down and are being reconstructed.

On the issue of archaeology, Historic Annapolis has raised some questions with our office; and, in each instance, we have answered those. There have been various allegations of improper work, such as that there have been no written reports on the project. In fact, this is one of the few projects in Annapolis that there are written reports on. We have not had a single instance of a criticism of the archaeology which was valid. The archaeological work has been done to the highest professional standards.

In addition, on the walls that, unfortunately, had to be removed, those walls, number one, in one instance, one wall was almost 60 percent replacement brick from the 20th century. Those walls were also in extremely poor structural condition. The developers on the project brought us their structural engineer's report and indicated to us

that they felt that the walls would, in fact, have to come down and be rebuilt. We were not satisfied with that. We asked for a second independent structural engineer's analysis. That was provided. It went into even further detail and made a very strong case that those walls could not be retained in place. I was not satisfied with that, and I had a structural engineer on my staff, who had served for eight years with Greiner, Incorporated as a specialist in 19th century masonry, go over the report and the physical conditions of the property; and her recommendation to me was that we should not waste anybody's money or time any further on that question, that those walls, in fact, were in dangerous condition and had to come down.

At the time that we were investigating all that, quite frankly, I was surprised when Historic Annapolis raised an issue over the walls because what we had been working on, the initial indication that the walls needed to come down was in the plans prepared by the developer, dated August of 1983. In September of 1983, Historic Annapolis signed an estoppel letter in which they specifically reviewed and approved those August 1983 plans, which called for, among

other things, the demolition of the walls in question. So some of this is very recent.

Our office is involved annually in the review of approximately 4,000 public undertakings a year that involve historic properties. I think the professional qualifications of my staff and the performance of our office in terms of how few of those you have seen here at the Board of Public Works indicates that our review has been of the highest professional quality and that there have been no problems. I assure you there are no problems with the Brice House. Not only has our office reviewed and approved that project, it also has been reviewed and approved very, very carefully by the National Parks Service of the Department of the Interior.

I wrote the letter to you to try to correct a technical difficulty that exists with regard to the review of the easement, and I would urge that you approve the request as submitted.

GOVERNOR HUGHES: Any questions of Mr. Little?

MR. JAMES: No.

MR. GOLDSTEIN: Mr. Little, you heard Mrs. Symonds

say something about an archaeologist from the University of Maryland.

MR. LITTLE: Yes, sir.

MR. GOLDSTEIN: Have you had any conversation with that person?

MR. LITTLE: We've had -- she's referring to Dr. Mark Leone who is in charge of the Historic Archaeology Program at the University of Maryland. We have had, I believe, three, possibly four meetings with him on the subject. At this point now, most of the criticisms -- all of the criticisms he had of the archaeology were based on misinformation. I could get into technicals. He raised, for instance, a question about the transect system that was being used on the project. He was under the impression that no transect system was being used. In fact, we were using one with which he was unfamiliar. In each instance, it has been matters of that sort where there was basically --

MR. GOLDSTEIN: Have they been resolved?

MR. LITTLE: They have been resolved, yes.

MR. GOLDSTEIN: So, in other words, you're not having any disagreement with the University of Maryland

archaeologist?

MR. LITTLE: I believe that's a correct statement.

MR. GOLDSTEIN: You have an archaeologist on your staff?

MR. LITTLE: I have currently six archaeologists on my staff, and I believe they're probably the most highly qualified archaeologists in the State of Maryland.

MR. GOLDSTEIN: Thank you.

GOVERNOR HUGHES: Thank you.

MS. SYMONDS: Governor --

GOVERNOR HUGHES: Yes.

MS. SYMONDS: -- may I just say that I talked to Dr. Leone recently, and this statement that he is satisfied is not correct.

GOVERNOR HUGHES: Is there anything further on this at this point?

(No response.)

MR. GOLDSTEIN: Fine. Thank you.

MR. JAMES: Wait a minute. I think --

MR. LITTLE: I did have one further thing.

GOVERNOR HUGHES: All right.

MR. LITTLE: The issue was brought up in Mrs. Symonds' presentation about an approval by Historic Annapolis over any actions taken by the Trust. I would -- since the question was asked if that was what Historic Annapolis was asking for, I'd have to tell you that I would find that professionally unacceptable for our office to be required to seek such an approval, and I also believe it would set a very dangerous precedent to have an -- albeit well intended private organization -- to have a private organization that would have a veto power over State agency decisions.

GOVERNOR HUGHES: Thank you. Mr. Moyer.

MR. GOLDSTEIN: Well, there's nothing in here about veto power. There was nothing in here about veto power.

MR. JAMES: No.

GOVERNOR HUGHES: No, not here, but Mrs. Pringle responded that they would like to have final approval.

MR. MOYER: Governor, honorable members of the Board, my name is Roger W. Moyer. I live at 419 Fifth Street, Annapolis, Maryland. A good part of my life was spent --

MR. JAMES: You don't have to swear in here.

MR. MOYER: Okay. Excuse me.

(Laughter.)

MR. JAMES: No possibility of prosecution.

MR. MOYER: I'm surprised, as a former public official, I'm so well accepted.

One thing that I've found over the years that may be of some help to the Board here, that there are many very, very capable organizations in historic preservation and restoration in the State of Maryland, Anne Arundel County and the City of Annapolis. However, in our time, we never found anyone or any group that had the expertise or the ability or the track record of Historic Annapolis; and, while, at many times, I've heard their name taken in vain throughout the city, every time without fail that they worked on a project in Annapolis, the people that they worked with were extremely glad in retrospect that this group had helped.

Now, to have a veto power, that would be extremely strong. I wouldn't think of that either, but I think they should certainly be included somehow in this project and strongly included, because in my time, whether it be in having the City of Annapolis declared a national historic landmark or passing the Historic District Ordinance, things that virtually saved the city, historically speaking,

Historic Annapolis never made a mistake. It's hard to claim any group or any person infallible; but, in preservation and restoration, they were about as good or as close to being infallible as any group could possibly be. Thank you.

GOVERNOR HUGHES: Thank you, Mr. Moyer. That's all the testimony on that issue, I guess.

MR. JAMES: Defer this until lunchtime, after lunch.

GOVERNOR HUGHES: We'll defer it for later action.

MR. JAMES: Yes. Okay.

GOVERNOR HUGHES: Next item is General Services Agenda, Item 14-RP, page 14, Department of Natural Resources, Mrs. Wright. Is Mrs. Wright here?

MR. JAMES: I think Ms. Pringle is going to take care of this.

GOVERNOR HUGHES: Oh, Ms. Pringle is going to do it?

MR. JAMES: Yes. Mrs. Wright is second.

MR. GOLDSTEIN: Item 14.

GOVERNOR HUGHES: This is Historic Annapolis day.

MR. GOLDSTEIN: Yes, indeed.

MR. JAMES: Oh, Mrs. Wright is handling this.

MS. WRIGHT: I'm St. Clair Wright, Chairman of the Board of Historic Annapolis.

GOVERNOR HUGHES: Okay. Excuse me a minute. I've got an important call.

MR. JAMES: We have a little delay, Mrs. Wright.

GOVERNOR HUGHES: You can go ahead.

MR. JAMES: Well, I think the Governor ought to be here on this one.

MR. GOLDSTEIN: I would think so, too. Yes.

Mr. Beckett here, Mr. Robert Beckett, we'll take that item while we're waiting for the Governor to come back. That's Item 42 -- excuse me, Item 22 on page 42. It's titled Maryland Environmental Trust, dealing with a property in Garrett County, 150 acres. Can you give us a short resume of that, please, sir?

MR. BECKETT: Yes. I'm Robert Beckett, Director of the Maryland Environmental Trust. I thank you for the opportunity to present this conservation easement offer to you in person.

Alverta and Louise Dillon are retired school-teachers, sisters who live together on their farm and woodland

property in Garrett County; and, for many years, they have devoted their time and energy almost exclusively to the enhancement of the wildlife on this particular tract of land. They're now anxious to see to it that their land remain forever in, essentially, the open wild condition that it is in; and they are, therefore, offering to the Trust a perpetual conservation easement on the entire 151-acre tract. They've also amended their wills to provide for a continuous endowment fund to benefit the Trust and to be used for such conservation purposes as the Trust in the future would deem appropriate.

The property is located --

MR. JAMES: It's not tied in exactly with this property; it's a general --

MR. BECKETT: Excuse me. That's not tied in with your action today. That's additional information.

MR. JAMES: Okay.

MR. GOLDSTEIN: How old are these nice ladies?

MR. BECKETT: It's hard to say, but I believe in their 70's or 80's. I spent five hours hiking the property with them one day.

MR. JAMES: They're in good shape, are they?

MR. BECKETT: They're very sturdy.

(Laughter.)

MR. GOLDSTEIN: You can't beat these Maryland mountain people. They're real sturdy citizens.

MR. BECKETT: The property is located in northern Garrett County. It's in an extremely picturesque valley, which is visible from a designated public scenic overlook on U.S. Route 219. The Trust feels that there are some significant conservation values to the property: obviously, the public scenic enjoyment from the overlook that I just mentioned, preservation of productive farmland and woodland and wildlife habitat, watershed protection for Cove Run, which is a secondary tributary of the Youghiogheny River, and protection of a historic structure which is listed on the Maryland Historic Site Survey, which is prepared by the Maryland Historical Trust.

The Environmental Trust respectfully urges you to ratify this generous easement gift to the State. If it is accepted, this will become the westernmost conservation easement in the State of Maryland and the first ever in

Garrett County. If it is accepted, it will bring the total of easements donated to the State to 86 in number, covering about 17,600 acres of land.

MR. JAMES: Well, I think this is a very fine donation.

MR. GOLDSTEIN: I'm very familiar with this area. That overlook you're talking about, you look right down in that beautiful valley.

MR. BECKETT: That's right.

MR. GOLDSTEIN: It's one of the most beautiful valleys in America, all that contour --

MR. BECKETT: And this is an integral part of that valley, this --

MR. GOLDSTEIN: As you look to the valley, as you look -- I would say you'd be looking west, as you look west, you have all that land that's contoured, all that farm, would it be to the right or to the left?

MR. BECKETT: If you're looking across the valley, it's slightly to the left of center.

MR. GOLDSTEIN: To the left, just above the Northern High School that sets down in the valley?

MR. BECKETT: Right.

MR. GOLDSTEIN: I know exactly where it is. I almost bought that farm on that outlook.

MR. BECKETT: Oh, did you?

MR. GOLDSTEIN: Yes, sir. I know exactly where it is.

MR. JAMES: I'll be glad to make the motion to approve this Item Number 22.

MR. GOLDSTEIN: Governor, while we were waiting for you, we took up Item Number 22, page 42. It's a very beautiful piece of property up in Garrett County, 150 acres, scenic easement.

MR. JAMES: Part of an overlook.

MR. GOLDSTEIN: Overlook.

GOVERNOR HUGHES: Okay. Good.

MR. JAMES: Yes, and I --

MR. GOLDSTEIN: So I second the motion.

GOVERNOR HUGHES: All in favor of the motion, signify by saying "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The item is approved.

MR. JAMES: Okay. Then we go back to --

GOVERNOR HUGHES: Now we go back.

MR. JAMES: Yes.

MR. GOLDSTEIN: To Item -- we have Mrs. Wright.

MR. SEBODA: Item 14.

MR. JAMES: On General Services.

MR. GOLDSTEIN: I know exactly where that place is. It's beautiful.

MS. WRIGHT: Sirs, I'm St. Clair Wright, Chairman of the Board of Historic Annapolis. Do you have questions for me?

GOVERNOR HUGHES: Well, the item is for approval of \$700,000 for the Bay Area Access Funds to acquire property over in Eastport for the purpose of developing a State Maritime Museum. That's the item.

MS. WRIGHT: May I turn my -- first say that I think this is one of the most exciting projects Historic Annapolis has been involved in. We have long wanted to be able to carry

on the maritime traditions that built this town as our first settler came in 1650 as a boatwright, and this will be a piece of the Eastport shore reclaimed and developed as a museum type operation with a shed such as they used to be on the shores of this same creek; and we will be building vintage boats of the 18th and 19th centuries, and it will be run as a museum operation, and we have the shipwrights museum which will be a part of it, and we think that it not only reclaims for the public a part of the land that they can visit, but also it will have an historical content because we will carry on the crafts of Chesapeake Bay.

I'd like to turn my time over to Roger Moyer, a former mayor of Annapolis and an Eastport resident for many years, unless you have questions for me.

MR. JAMES: Yes. This item is rather bobtailed. It really doesn't include all of the various details of this. However, I believe that each Board member has received a packet on the proposal. Do you have one?

GOVERNOR HUGHES: Yes.

MR. GOLDSTEIN: Yes, I've got one right here.

MR. JAMES: And I don't think it's been entered in

the record. Do you have one?

MS. REYNOLD: No, sir, I do not.

MR. JAMES: I think, basically, to narrow the issue, the question is whether to approve this proposed option contract and under what conditions the Board will authorize the exercise of the option. I think that's the issue. You want to say a few words about it?

MR. MOYER: Sir, in regards to the issue, we would ask that this be approved in concept today and ask that the attorneys for the Department of Natural Resources and the State work it out with the attorneys for Historic Annapolis and Dr. Leonard, the owner of the property, for future signing.

We feel it's an amazingly good project. It has incredible public support, as you can see in the pamphlet I handed out to you. Roughly 99 percent of the people that live in the area want to see this happen. It's almost hard for them to believe that it could because it would do two things. It would re-create a part of life in the Eastport peninsula that was once there and, particularly, to the entire Chesapeake Bay. It would also protect the people of that area from being walled in and give them access, along with all the

people of the State of Maryland, to the Spa Creek and the waterfront. We have a great danger in that area of being totally walled in unless the public participates in some of that land on that peninsula. It's very similar to in the '60s, the dark area of the City of Annapolis. If it had not been for the good graces of the State of Maryland -- Senator James and Comptroller Goldstein were involved in it at that time -- if we hadn't have got some help in purchasing land on the waterfront, the entire harbor of the City of Annapolis would have been walled in; and the State certainly helped us then, and we hope it can help now.

We realize it would be impossible to sign this contract today without further work by the attorneys of both parties, but we are asking for an approval in concept.

MR. JAMES: Well, I've looked this option over, and it seems to be in pretty good shape. However, there's one danger that I think we ought to avoid, and that is exercising the option if the developer does not perform in building the inn.

MR. MOYER: Amen, Senator James. We don't want this to happen in Eastport unless the total project works.

One is dependent upon the other.

MR. JAMES: Okay.

MR. GOLDSTEIN: Mr. Moyer, let me ask you one question. Let's assume for discussion purposes the inn is built and we acquire this land, and you're going to have a shipyard there. Who's going to take care of the overhead to maintain a shipyard and keep these qualified people that work on these wooden boats who'll be building there and make it a viable project?

MR. MOYER: We feel through a very active shipwright skill in the area, through sightseeing, running a water jitney from Annapolis, from the historic tours that are in Annapolis and bringing them to the Eastport peninsula by boat and showing this, that through that plus rental of the slips in front, that we can support this project. We have no intention of coming back to the State year after year asking for more money to run this project. We feel we can raise our own money to do this.

MR. JAMES: How much is Historic Annapolis putting into it? That is not in this agenda item.

MR. MOYER: Sixty-four thousand dollars immediately.

MS. WRIGHT: And more in times to come.

MR. MOYER: And more in times to come, of course.

MR. JAMES: All right. I would like to make a motion on this. I think I'd like to enter this option contract into the record, together with this other material; and that that option contract be amended to have an appropriate clause which would make certain that, before the option would be exercised, that the developer will provide proper security for performance.

MR. MOYER: Very good.

MR. GOLDSTEIN: Do you agree with that, Mr. Moyer?

MR. MOYER: Yes, we do.

MR. GOLDSTEIN: In other words, you want the total project to be built?

MR. MOYER: That's exactly it.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: Can I ask a question about the fund itself, and maybe Fred Eskew is the best one to answer that?

MS. WRIGHT: Yes.

GOVERNOR HUGHES: The Department is recommending

this project --

MR. ESKEW: That's correct.

GOVERNOR HUGHES: -- and how much money is there in this fund?

MR. JAMES: Bay Access.

GOVERNOR HUGHES: Yes.

MR. ESKEW: It's over -- about 1.7 million right now. I can get an exact figure for you, but there's sufficient funds in there. In the new budget coming up, there's another appropriation for Bay Access in there, too.

MR. JAMES: Is that 3,000,000, another 3,000,000?

MS. LIEDER: I think it's three.

GOVERNOR HUGHES: No, it was shaved back, I think, to about two.

MR. JAMES: I thought it was --

MR. ESKEW: Back to, I think, 1.7 or something like that.

GOVERNOR HUGHES: This expenditure here would be, I guess, one of your larger ones out of this program, wouldn't it?

MR. ESKEW: Actually, the largest has been when

the Board approved the acquisition of Terrapin Beach over on the left side of Kent Island, that we worked with Queen Anne County.

MR. GOLDSTEIN: That was 500 and some acres.

MR. ESKEW: It was a large tract.

MR. GOLDSTEIN: Yes. It had about a mile bayfront, and it had big ponds and State road frontage.

MR. ESKEW: That's the largest one to date. This would be, I would say, probably the second largest at this point.

GOVERNOR HUGHES: Well, when you talk about access, there will be a private developer involved, obviously. So what kind of public access are you talking about here?

MR. ESKEW: Well, as the Mayor indicated, they are going to have piers in front of this, so that people could visit; people who came by boat into the Annapolis harbor could tie up and visit the area; and then, of course, there would be access to the museum because it's going to be open for people to see.

GOVERNOR HUGHES: Be a lot of visual access.

MR. ESKEW: Will be a lot of visual, but there will

be physical access where they can go into a museum. There's also -- I think they've worked with the developer that he will have an elevated platform around the building where people could actually sit and watch the boat being built. So we feel that there's sufficient public benefit there to work with Historic Annapolis on it.

GOVERNOR HUGHES: How is it envisioned that this arrangement would be? The title will be in the State, right, Department of Natural Resources?

MR. ESKEW: Right.

GOVERNOR HUGHES: But will the property then be -- the museum and everything that goes on there be operated by Historic Annapolis?

MR. ESKEW: Yes. We've done this before. At Paca Gardens, we worked out agreements with the Trust -- I mean with the Historic Annapolis under a lease agreement or a management agreement.

MR. GOLDSTEIN: How deep is the water there?

MR. MOYER: Mean tide, about 14 feet at the end of the piers. It's a very deep water harbor. Large boats can come in there. You could launch rather good size boats there.

Years ago, it was a boat yard in that area, and it was also a graveyard for the old schooners. When the archaeologists dig there, they'll find many remnants of the old sailing fleet of the Chesapeake Bay.

MR. ESKEW: I might say that Tom Deming, General Counsel with the Department, is here. He has met with counsel of the owner and is prepared to work with them to come up with the agreements for the Board's review before we go forward.

MR. GOLDSTEIN: Fred, let me ask you a legal question. That Bay Access Fund, does that mean funds for the Chesapeake Bay, or does it mean for the tributaries, too, the language of that Bay Access Fund money?

MR. ESKEW: It could be interpreted for the tributaries, too.

MR. GOLDSTEIN: You think so?

MR. ESKEW: I would think so.

MR. GOLDSTEIN: Okay.

MR. ESKEW: As long as it's reasonable access to the Bay. I don't think we should spend it in Garrett County or on the Potomac River, but, you know, as long as it's

Bay itself.

MR. JAMES: Okay.

GOVERNOR HUGHES: Anything further on this?

(No response.)

MR. GOLDSTEIN: Bill James made a motion, and I seconded it.

GOVERNOR HUGHES: Yes.

MR. GOLDSTEIN: Want to repeat his motion?

GOVERNOR HUGHES: You want to make it again just to make sure we're clear. The request is to approve the concept.

MR. JAMES: There's an option contract attached to this packet, which I've been over, and it has various conditions in there, if you'd like to read them.

GOVERNOR HUGHES: No, but I understand that we're being asked not to approve that.

MR. JAMES: Well, the additional conditions in that option would be that it should not be exercised until we have adequate security, that the developer will perform as contemplated, and that that final agreement come back.

MR. MOYER: Very good, but you are approving it in concept.

GOVERNOR HUGHES: Yes. I just wanted to make sure that nobody misunderstands; we are not actually approving the option contract itself.

MR. MOYER: No. The project in concept --

GOVERNOR HUGHES: We're approving the concept, but with --

MR. MOYER: Legal mechanisms properly stated, right.

GOVERNOR HUGHES: -- a motion that says that the concept includes a certain provision, as the Treasurer has explained.

MR. MOYER: That's all we're asking for today.

MR. GOLDSTEIN: And that's the whole completed project; that's the inn and --

MR. MOYER: Everything.

MR. GOLDSTEIN: -- slips and all that?

MR. MOYER: That's right.

MR. JAMES: Okay.

MR. GOLDSTEIN: Thank you.

GOVERNOR HUGHES: It's been moved and seconded that the item be approved as explained.

MS. WRIGHT: Thank you, gentlemen.

MR. MOYER: Thank you very much, ladies and gentlemen.

GOVERNOR HUGHES: All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. MOYER: Thank you.

GOVERNOR HUGHES: The item is approved as described. Next item is Maryland Environmental Trust, Secretary's Agenda, page 42, Item 22.

MR. SEBODA: Item 22 was done while you were out of the room.

MR. GOLDSTEIN: Yes, we took that up.

MR. JAMES: Took that up.

GOVERNOR HUGHES: Oh, that's the one you just took up. Excuse me.

MR. GOLDSTEIN: That's the Garrett County one, sir.

GOVERNOR HUGHES: Oh, right. Okay. Then the next item is Secretary's Agenda, hand-carried Item 24, page 44, Mr. Hesselbacher from the Attorney General's Office.

MR. MONK: Good morning, Governor. My name is Charles Monk. I'm here on the Attorney General's recommendation of the initiation of debarment proceedings and immediate suspension of a group of companies controlled by Barton Mitchell. The companies include E. Stewart Mitchell, Inc.; Bituminous Emulsion Company; MDG, Inc.; Mitchell Industries, Inc.; and Montgomery Construction, Inc.

We have asked for immediate suspension in connection with all contract activities as set forth in the Attorney General's letter of March 22, 1984 to the Board with the exception of liquid asphalt supply to contractors who would be doing business with the State. The reason for the exception, frankly, Governor, is that it's impossible or impractical to segregate out State contracts from private work for liquid asphalt used to manufacture hot mix asphalt, which is then placed on the road surface; and --

MR. JAMES: I notice that Secretary Bridwell advocates the suspension of that particular type -- part of the business because of the fact that most of these contractors are doing business with the State; and you disagree with that?

MR. MONK: I do disagree with --

MR. JAMES: Did you see his statement? Did you see his letter?

MR. MONK: I have seen it. I received a copy of it this morning, Treasurer James. I disagree with the Secretary's recommendation for this reason: we think that -- we're asking for immediate suspension now. We don't preclude the possibility of debarment in connection with supply after a full debarment hearing; but we think it's fair, given the fact that we are seeking immediate suspension prior to a full hearing and taking of a record, that it makes just sense --

MR. JAMES: The full hearing will involve that business?

MR. MONK: The full hearing will involve that business, and you will have the opportunity to make a decision on that ~~when~~ the debarment proceeding has come to fruition.

Let me say two other things in that regard. Effectively, we would preclude Mr. Mitchell from even doing private work. That's the reason for the Attorney General's recommending the exception, be precluded from doing private work because an asphalt manufacturer could not stop his process, take the liquid asphalt that he purchased to do a

private job out of his tanks and then do a State job and then try to start again. It's simply impractical in the asphalt manufacturing process.

MR. JAMES: Does Mr. Mitchell -- does his company have any State work at the present time?

MR. MONK: Well, the answer to that question, I believe, is that he does. I've learned this morning -- and Mr. Mitchell's counsel is here and would like the opportunity to address the Board -- that there are two contracts which have been let, and he is the apparent low bidder on the contracts, which would be affected by this. If you accept the Attorney General's recommendation, he would be precluded from those two contracts. They are not within the exception as described here in the Attorney General's recommendation.

GOVERNOR HUGHES: Any questions of Mr. Monk?

MR. JAMES: Yes. Of these low bids, what's the spread between the first and second bidder?

MR. MONK: I don't know. I learned this morning only that these contracts were pending, and the Attorney General's recommendation was made, frankly, without regard to the pendency of those contracts. I think it would stand,

even though those contracts are pending. They are in the liquid asphalt surface treatment business; and maybe Mr. Downs, who is here, can respond to that question.

MR. GOLDSTEIN: Just let me ask you one question. Exempting the supply of this asphalt, have you checked into the prices that they charge versus the market price otherwise from the competitors?

MR. MONK: There are several competitors that supply AC-20, which is the particular product we're talking about; and Mr. Mitchell -- what we're seeking exception for only is the sale of that product by Mr. Mitchell to a contractor who's going to incorporate that and make hot mix asphalt, macadam.

MR. GOLDSTEIN: Yes, I understand that, but I want to be sure the price that Mr. Mitchell is going to charge these contractors is up here instead of being at the level of competition.

MR. MONK: We're satisfied that there is competition in that market place.

MR. GOLDSTEIN: Well, have you got the market price of his competitors in that particular line of business?

MR. MONK: I can't cite it to you right today, but we're satisfied that there is competition. There are several competitors that do supply that product in the State.

MR. GOLDSTEIN: I think that's the whole question. If he's going to be allowed to sell the mix, the asphalt, and it's going to be sold at a price that's going to be to the State's interest and not to his interest -- of course, he's got to make a profit. We don't make too much profit.

MR. MONK: You understand every contractor has the right to take bids from suppliers and take the best possible price in order to --

MR. GOLDSTEIN: Yes.

MR. MONK: Because he has made a -- that contractor has made a contract with the State. He's trying to make the most amount of profit as possible.

MR. GOLDSTEIN: I just want to be sure that's done, because you say he's done some other things that weren't right, and I don't want him to get in this business here and do the same thing he did in the other business.

MR. MONK: I understand.

MR. GOLDSTEIN: He may get a hold of these other

people who supply asphalt and say, "Wait a while now. You get the bid today, and I'll get it tomorrow, and you get it next week."

MR. MONK: I completely agree with you. We're the prosecutors in this matter. We'd like to see the greatest possible effect of debarment be applied; but we think it's fair, given the special circumstances here, that you'll effectively bar Mr. Mitchell from being in any business, public or private, of any kind pending a hearing on the debarment before we have developed a full record, that it's fair in that limited circumstance to except only the supply of liquid asphalt to contractors who -- those contractors are doing business with the State.

MR. GOLDSTEIN: Well, if he's got his lawyer here, I want to put it in the record and put him under oath that they're going to be competitive prices before I'd vote for that.

MR. MONK: Were there any other questions?

Mr. Downs is here.

GOVERNOR HUGHES: All right. Mr. Downs.

MR. DOWNS: Governor Hughes, Comptroller Goldstein,

Treasurer James, for the record, my name is Thomas Downs, and I'm here today representing Barton S. Mitchell, E. Stewart Mitchell, and the various parties that are party to this suspension proceeding.

As a result of a Federal antitrust matter which occurred some two years ago involving Barton Mitchell, suspension and debarment proceedings were instituted against these parties by the State approximately two years ago. Those suspension and debarment proceedings were recessed by agreement of all the State agencies, including the Department of Transportation, and on the recommendation of the U. S. Department of Justice. That was because Mr. Mitchell was a cooperating government witness, because he was going to cooperation with Federal and State officials and, in fact, has done so and has, in fact, testified in a number of judicial proceedings which have resulted in convictions of other parties under the Federal antitrust statute.

During the past two years, the parties to this proceeding have continued to do business with the State of Maryland. Those parties include Montgomery Construction Company. Recently, as a result of the near conclusion of

negotiations with the Attorney General, and in my writing my letter to the Board wherein I consented on behalf of my client to an immediate suspension and the prompt initiation of debarment proceedings, I was unaware that there were two State Highway Administration contracts upon which Montgomery Construction had been the successful low bidder in the month of February of this year. All together there were three contracts; and, in response to the previous question, the contracts were contracts for surface treatment in Anne Arundel County involving -- where the Mitchell bid was \$178,151. The next lowest bid was 204,316.

MR. JAMES: What's that spread?

MR. DOWNS: The spread is \$26,000 on \$178,000 worth of work. The second contract was a surface treatment contract in Calvert and Charles County where the Montgomery or Mitchell bid was 252,164; the second highest bid 289,247, a spread of \$36,000. There was a third contract for surface treatment in Howard County, which has been awarded. So the three contracts were bid at the same time. One was awarded; the other two have simply taken a little longer to award. From conversations with officials of the State Highway

Administration, it is our belief that they are on the verge of awarding those contracts. If the --

MR. JAMES: When you speak of surface treatment, what does that involve?

MR. DOWNS: It's what you and I, Senator, would call tar and chip. The people in the industry don't call it that. They call it surface treatment, but it's the spraying of a liquid asphalt emulsion and then following that with a chipper which spreads chips on the liquid asphalt emulsion.

As I say, in writing my consent to the immediate suspension, I was unaware that these contracts would not be awarded prior to this time, because they've been doing business along with the State for the past two years. If the effect of this suspension is to prevent the award of those two remaining contracts, where one has been awarded and the other two have not, it will deprive the State of the benefit of some \$62,000 on \$430,000 worth of work; and, additionally, it will be punitive to the contractor; and, as the Board knows very well, debarment and suspension are not intended to be punitive. They're not intended to take away from you

what you have. They're intended to prevent you from getting something in the future.

MR. JAMES: They're local contracts, are they?

MR. DOWNS: Yes, indeed.

MR. JAMES: Two county contracts.

MR. DOWNS: No. These are bid through the State. These are State contracts, State Highway Administration contracts.

MR. JAMES: Well, is it the State administering -- is it on county roads?

MR. DOWNS: I believe these are on State roads.

MR. JAMES: State roads?

MR. DOWNS: I believe so.

MR. JAMES: I didn't know we used tar and --

GOVERNOR HUGHES: I didn't know that either. Stopped doing that years ago.

MR. JAMES: -- stone chips on State roads.

MR. GOLDSTEIN: Oh, yes. They use it on Route 2 all the time going down to Southern Maryland from Annapolis.

MR. DOWNS: Yes. I get a nod from the side they are on State roads. They are mainly used for the shoulders

of the roads.

MR. JAMES: Okay.

MR. DOWNS: Debarment and suspension proceedings are intended to protect the integrity of the procurement process. That's what the law says. That's what the regs say. That's what the courts say. Of these three contracts, one has already been awarded. So, obviously, it's the State's opinion that the procurement process has been and is being protected, at least, at the present time on some of the work bid that day by the same company.

If we take away the other two of those contracts, we do two things. Number one, we cost the State \$62,000; and, number two, I believe we act in a punitive way, vis-a-vis Montgomery Construction Company; and these regulations and this law is not intended to act in a punitive way.

So I would suggest, therefore, that the suspension of Mitchell occur immediately, that it occur today. We're nearing the end of this road where we've been testifying and giving information and going around the countryside giving information in other states and what have you. It's time to get on with this thing, but I believe it would be

punitive to take away some work that was bid in February when, indeed, the State has been doing business with these people for two years, knowingly, and knowing full well that the conviction existed. Therefore, I would suggest that the suspension be structured so as to affect all bid openings after this date; and I might point out that there are no other ones lingering out there. We didn't bid one yesterday or the day before or the day before. We're really talking about these two specific contracts, the one in Anne Arundel County and the one in Calvert and Charles, which, if all the paperwork had flowed correctly, would have in the normal course of business been awarded anyhow, as was the Howard County contract bid on the same date.

Now, with regard to Comptroller Goldstein's statement as to competitive -- the competitive situation today, I have Mr. Mitchell here with me. I deliberately brought him so that you could hear from him if you wished. Mr. Mitchell has served five months in the Allenwood Federal Prison Camp and has spent approximately \$4,000,000 in fines, restitution and attorneys' fees as a result of his involvement in violation of the antitrust statutes. I would be happy to have him

come over here and take an oath that he has learned his lesson, that he is not colluding; and I submit to you that anyone who would be doing so, having gone through what he's been through, would be more than a violator of a criminal statute; he'd be an absolute fool. There are --

MR. JAMES: I don't think we want that.

GOVERNOR HUGHES: No.

MR. JAMES: I don't think we want that.

MR. DOWNS: Fine, but there is out there right now a very competitive market on liquid asphalt. I think the numbers show that there is a competitive market, and nobody -- no contractor bidding on State work is forced to buy their liquid asphalt from Mr. Mitchell or anybody else. They can take the lowest price, and I suggest to you that market forces have always operated in that area; and, additionally, Comptroller Goldstein, there has never been a suggestion that, in that area, there has been ever any antitrust problems. Nobody has gone to jail for it. There's been no investigations successfully in that area. So that area of the supply of liquid asphalt has never -- a problem has never surfaced in that area. There's no reason to believe that there was a

problem in the past, and there's no reason to believe that there's a problem today in that area.

MR. GOLDSTEIN: All right. Thank you.

GOVERNOR HUGHES: Any further questions of Mr. Downs?

MR. GOLDSTEIN: I have no further questions.

GOVERNOR HUGHES: Thank you, Mr. Downs. Mr. Monk, what is the -- maybe I missed something -- the Attorney General's position on these contracts?

MR. MONK: Well, Governor Hughes, I learned from Mr. Downs at five minutes of ten this morning that these contracts existed. He had, as you're aware, previously consented to the recommended immediate suspension and initiation of debarment proceedings. The Attorney General's perspective, I think we ought to go forward with exactly what we proposed. I have not had, because it happened this morning, the opportunity to check out the circumstances. I don't know any of the details. I'm not --

MR. JAMES: Why don't you not take a position and let us decide on that particular point?

MR. MONK: I would be delighted to do that. Thank you very much, Treasurer James.

MR. JAMES: All right. Okay. I'm willing to decide.

GOVERNOR HUGHES: As is pointed out in Secretary Bridwell's letter a little over a year ago, the Attorney General and the Justice Department asked us to do certain things because they said there were indications that they were not getting the cooperation, the genuine cooperation from Mr. Mitchell that they had anticipated. Do you want to respond to that?

MR. MONK: May I -- I'd love to. We have, as Mr. Downs and Mr. Mitchell are quite aware, have taken the attitude that we would try to deal with other paving contractors first to try to determine as fully as we possibly can and investigate as completely as we possibly could the circumstances of Mr. Mitchell's involvement and make a judgment in our own minds whether we felt he was cooperating fully with the authorities, because that is really the issue that the debarment will turn on in this case, is the extent of his cooperation. If he's been fully candid, you'll have to take that into consideration in making a debarment decision; and he was the one contractor that broke the case for Maryland

with the Department of Justice, and that's a significant consideration. That's the reason why it's taken us so long to come to this conclusion, is because we've had to go and either make deals or, in some way, resolve our investigation with all other contractors before we could finally reach this conclusion.

We've now come to the conclusion, based upon that, that there's reason to go forward with the debarment proceedings. We're not completely convinced that he has been completely candid with us in one particular circumstance; but we think there's sufficient reason for consideration of that circumstance by you after the debarment proceeding has taken place because there could be a difference of opinion on that, that we felt it was appropriate to suspend him immediately, but leave this one exception, which has the effect of not putting him out of the private contracting business, but does put him out of contracting with the State.

GOVERNOR HUGHES: Anything further?

MR. GOLDSTEIN: That's all I have.

GOVERNOR HUGHES: Thank you.

MR. MONK: Thank you very much.

MR. JAMES: I'd like to defer this. I move we defer it for further discussion.

GOVERNOR HUGHES: All right. We're going to defer it momentarily for further discussion.

So the next item is Secretary's Agenda, Supplement B, page 44.

MS. REYNOLD: Actually, that's a typo, I'm afraid. It's 2-S, page 2B, and it's the gypsy moth contract.

GOVERNOR HUGHES: Gypsy moth, right.

MR. GOLDSTEIN: The good old gypsy moth.

GOVERNOR HUGHES: Let him go ahead and I'll be right back.

MR. GOLDSTEIN: Okay. You want to give your name for the record, please, sir.

MR. TICHENOR: Yes. My name is Bob Tichenor. I'm an entomologist with the Maryland Department of Agriculture.

MR. GOLDSTEIN: I didn't catch your name, sir.

MR. TICHENOR: It's Bob Tichenor.

MR. GOLDSTEIN: Yes, sir. Go right ahead, sir.

MR. TICHENOR: Yes, entomologist with the Maryland Department of Agriculture. My job is the supervisor of the

Gypsy Moth Control Section. I'm here today to discuss the approval of a contract for aerial application of insecticides for gypsy moth control in the State of Maryland.

As you know, the Maryland Department of Agriculture supervises a State-wide program, which has as its goal the protection of the forest and shade tree resources of the State against damage from the gypsy moth. The major thrust of this program this year is going to be the application of insecticides through approximately 107,000 acres.

MR. GOLDSTEIN: A hundred and seven?

MR. TICHENOR: A hundred and seven thousand acres. We'll be using both biological and chemical insecticides.

MR. JAMES: How does this compare with your program last year?

MR. TICHENOR: Last year the program, including some significant work we did in cooperation with the Federal Government on Federal land, was 120,000 acres. So this is approximately five percent less than last year in total.

MR. JAMES: Do you have less money this year?

MR. TICHENOR: No, not necessarily. Just less of a problem.

MR. JAMES: I see. Well, how have things been going in this program? Do you feel as though you're making progress?

MR. TICHENOR: Yes. Well, the gypsy moth is making a great deal of progress. I think we're holding our own very well against it. It's, as you probably know, quite a explosive pest problem --

MR. JAMES: Yes.

MR. TICHENOR: -- and we've kept the defoliation amounts at an even keel.

MR. GOLDSTEIN: On this 107,000 acres, Bob, how far down are you coming into Maryland? Are you coming down into part of Southern Maryland? Is there any gypsy moths in Charles County or Prince George's or Anne Arundel yet?

MR. TICHENOR: No, nothing in what you would consider to be Southern Maryland. We do have some acreage over on the upper Eastern Shore down as far as northern Caroline County.

MR. GOLDSTEIN: Is that right, coming down that far?

MR. TICHENOR: The vast majority of the acreage, however, is out in the ridge and valley -- the mountainous

areas west of Frederick.

MR. GOLDSTEIN: But you haven't had any evidence, say, down in St. Mary's or Calvert or Charles yet?

MR. TICHENOR: No. Well, we've found gypsy moths down there, but certainly nothing that's even approaching a problem at this point.

MR. GOLDSTEIN: What can an individual do? Suppose you see gypsy moths on your oak trees -- they generally attack oak trees first, don't they?

MR. TICHENOR: Yes, that's their preferred food source.

MR. GOLDSTEIN: Yes, they love the oak trees. What can an individual do if you have them come down that far?

MR. TICHENOR: Well, okay. Basically, the problem is of such a regional nature, the population explosions usually encompass a large area, an entire county, an entire part of the State. When they get very, very high, there isn't a great deal an individual can do. Up unto that point, of course, he can watch for the problem on his property, perhaps engage a private contractor for hydraulic application, if he has some specimen trees or some valuable trees he wants

to protect. Landowners owning the larger tracts, of course --

MR. GOLDSTEIN: What do you mean by hydraulic application?

MR. TICHENOR: You know, hose spraying, wetting down the foliage.

MR. JAMES: Liquid, I guess he means liquid.

MR. TICHENOR: Like an arborist would do.

MR. GOLDSTEIN: Right.

MR. TICHENOR: Those having larger tracts will enter into a private contract for aerial application. Generally, however, those are very expensive unless you can get a large number of people --

MR. GOLDSTEIN: That's the point. That's the reason I'm asking these questions. In other words, you're going to do it in certain parts of the State. The other parts where they may have a small beginning -- see, that's what happened with elm trees; you know, they had a small beginning, and all of a sudden they started spreading. The same thing happened with chestnut trees.

MR. TICHENOR: Yes.

MR. GOLDSTEIN: See, you're too young to know any-

thing about chestnuts; but I can remember, as a boy, I used to pick chestnuts.

MR. TICHENOR: Yes, I am.

MR. GOLDSTEIN: But they're all gone now.

MR. TICHENOR: Most of the oaks that we have now in the State of Maryland are where chestnuts were once growing, especially on the --

MR. GOLDSTEIN: That's exactly right.

MR. TICHENOR: Yes.

MR. GOLDSTEIN: I have a lot of nice big white oak and red oak, and I don't want anything to happen to them. I want to see those trees there maybe 200 years from now, so my great-grandchildren will have sense enough to keep the land.

MR. TICHENOR: I should point out that this is a cooperative program, and the majority or almost half of the funding is Federal funds. Part of the conditions of receiving those funds is that the program be used only on areas that have a certain population, certain high population level or above; and that's 250 egg masses per acre, and that's generally very, very close to what's a defoliating population,

a population that's going to cause damage. That is part of the reason why we're not active with this part of the program in areas that are just beginning to have a problem. So, basically, what our rule is, is to step in when the general problem area has gotten very large and gotten out of hand.

MR. GOLDSTEIN: Well, I see here you have 27 general, 27 special, and 45 Federal funding.

MR. TICHENOR: Right.

MR. JAMES: Well, if you had your way, would you expand the program any more than this contemplates?

MR. TICHENOR: What I would like to see personally is a program that does expand into more preventative application work, yes.

MR. GOLDSTEIN: See, it would cost less as a preventative program than it is after you actually get them, wouldn't it?

MR. TICHENOR: Yes. Most experts agree on that; and, in fact, we're cooperating with the Federal Government in a demonstration project, a large demonstration project in Anne Arundel and Prince George's County, which has as its goal evaluating the feasibility of just that type of program.

MR. GOLDSTEIN: Whereabouts in Prince George's and Anne Arundel?

MR. TICHENOR: Well, it's basically the northern parts of those counties above Route 214.

MR. GOLDSTEIN: North of Route 214.

MR. JAMES: Have you noticed any adverse effects of the spraying?

MR. TICHENOR: No, sir, I haven't. Most of the effects are quite immediate and quite beneficial. Some of these materials we use, even the biological materials, kill other types of caterpillars besides the gypsy moth, but these native species rapidly reinvade their usual niche and are not eliminated from the environment totally.

MR. GOLDSTEIN: Okay. Well, it's a good program.

MR. TICHENOR: What actually the effect of the spraying is, is to preseve the environment that they were in in the first place.

MR. JAMES: Okay.

MR. TICHENOR: This is one contract out of four that we're letting for this purpose, or plan to let. Two of them are over \$100,000. This is one of them. The other one

will be up for approval at the next Board meeting, which would be May 2.

MR. GOLDSTEIN: When will you start spraying?

MR. TICHENOR: With this particular contract and the program in general, we would start on or about the 30th of April.

MR. GOLDSTEIN: April 30.

MR. TICHENOR: So about three weeks away from that. The total value of this contract is \$117,000. The total value of all the contracts is about \$365,000. Added to that, an estimate of insecticide costs at about \$275,000, gives us about a six-dollar-per-acre application and insecticide cost. Last year, those costs were approximately \$6.37 an acre; so we're down about six percent in our basic cost this year. Most of that is due to lower prices that we're getting on these application bids.

MR. GOLDSTEIN: So you're talking about \$640,000, aren't you? You said 365,000, then 275,000.

MR. TICHENOR: Yes, that's right. That's exactly right.

MR. GOLDSTEIN: Well, there's no question about it,

it's a good program, because if you lose all the valuable timber resources --

MR. TICHENOR: Yes. The cost benefit ratio, even on the lowest valued tracts, is at least two to one; and, certainly in residential areas, it commonly exceeds 100 to one.

MR. JAMES: Okay.

MR. TICHENOR: We're getting -- again, the reason for some of the lower prices this year, we're getting some better competition in our bidding. We're detailing our "specs" better. We've developed and established a well organized program. It has a definitive beginning and end. We have a specific window within which we have to work, which is the susceptible stage of the insect.

MR. JAMES: The forests of Maryland are under attack. I was wondering whether the gypsy moths are destroying more trees than people are destroying.

MR. TICHENOR: Well, that's debatable. At this point --

MR. GOLDSTEIN: Well, you see, what you have, you have these vandals who are burning oak in these stoves. Oak

is the best firewood, based on my years of experience, white oak especially and red oak; and they come in there and cut down your trees by night, and you have a hell of a time catching them. There's no way in the world to catch them, you know that.

MR. TICHENOR: Well, if it's any consolation, there's certainly no shortage of firewood, basically, from salvage operations in Pennsylvania where the gypsy moth has been quite devastating. As a matter of fact --

MR. GOLDSTEIN: Yes, my friend, but you try and tell somebody they've got to go up in Pennsylvania, down in Southern Maryland, to get firewood; and they're going to tell you to go to hell.

MR. TICHENOR: Very often the firewood --

GOVERNOR HUGHES: They do that for less than that. They do it for less than that.

MR. GOLDSTEIN: That's right.

MR. TICHENOR: Not to dispute that, but very often the firewood comes into them.

MR. GOLDSTEIN: Oh, is that right?

MR. TICHENOR: Yes. That's been one of our major

problems, is where we find first infestations, especially in metropolitan areas, is because somebody has bought a load of infested firewood.

MR. GOLDSTEIN: They bring in infested firewood and sell it? You don't have any --

MR. TICHENOR: Yes. Well, I can't understand why they sell it so cheap with all the work they've put into it to sell it; but, by golly, they do it.

MR. GOLDSTEIN: How much are they selling it for a cord? I mean, a real cord now. I'm not talking about one of these --

MR. TICHENOR: A real cord goes for the neighborhood of \$100. That includes that somebody has cut it, they've hauled it out of the woods, they've split it, stacked it, dried it, and then they bring it out to your house and then will stack it again. Basically, you know, they're giving you the wood for nothing, and they're selling you their labor.

MR. GOLDSTEIN: Nice thing about cutting wood, you get hot when you cut it, you get hot when you pack it, and you get hot when you bring it in the house, and it keeps you warm, see.

MR. TICHENOR: That's right.

MR. GOLDSTEIN: I think it's a good program. I move we approve it.

MR. JAMES: Second.

GOVERNOR HUGHES: It's been moved and seconded the item be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. Thank you very much.

MR. TICHENOR: Thank you.

GOVERNOR HUGHES: The next personal appearance is General Services Agenda, page 34, Item 33-CGL, Mr. Pencek of the Maryland Historical Trust.

MR. PENCEK: Good morning. I'm Bill Pencek, the Administrator of Maryland Historical Trust. I'm here this morning to answer any questions the Board may have concerning the Maryland Historical Trust's request to the Board of Public Works asking approval to award the \$200,000 grant from the General Construction Loan of 1976 to the City of

Baltimore to be used with other funds for the rehabilitation of the Orchard Street Church for use as a museum of black history and offices.

With me today are Jim Hughes, who is with the Baltimore City Department of Neighborhood Assistance, and Marie Henderson, who is with the Committee for the Preservation of Orchard Street Church, to answer any questions you may have.

The item itself contains a pretty concise background history of the project -- a description of the current project, as well as a summary of project costs and project funding sources.

MR. GOLDSTEIN: Governor, this is a worthwhile project. I just want to be sure this money is well spent. We're putting it up on the front, aren't we? What, it's going to be matched by other money from Baltimore City?

MR. PENCEK: Yes, sir, it will be. The monies which are immediately available right now to essentially match the State's money is the \$250,000 Federal Jobs Bill Grant being made available by Baltimore City.

MR. GOLDSTEIN: Well now, did they ever replace the

roof? See, that place leaked right bad. I've been there twice, and the windows need fixing, and the roof. Have they fixed the roof?

MR. PENCEK: The roof, to my knowledge, has not been fixed at this point. The windows have been boarded, and it is secure. Interior demolition, exploratory demolition has begun, so that work has just been initiated in the property.

MR. GOLDSTEIN: But now is the roof going to be fixed, so to preserve what you've got there? All those old floors are beautiful; but, if you don't fix that roof and that water just keeps pouring in there --

MR. PENCEK: We will make sure that they get at least a temporary stabilization of the roof. The roofs are to be replaced in kind with new slate roofs and reusing existing slates to the maximum extent.

MR. JAMES: Why do you want to spend the State money first?

MR. PENCEK: Well, simply because of the rather complicated project financing. The City of Baltimore, particularly, has requested -- we don't necessarily want to

spend the State monies first. We can spend the State monies on an equal footing with the Federal Jobs Bill money. The --

MR. JAMES: Well, that's not what this request is. It says, "The Trust requests the Board to permit expenditure of the grant monies prior to the expenditure of non-State funds," and that's an extreme request because, if the State spends its money and the rest of this money doesn't come in, we may just be throwing the money down the drain.

MR. PENCEK: Yes, sir, I understand. That statement -- that portion of the item certainly could be amended, at least, to require an equal amount of non-State monies to be spent concurrently with the State monies.

MR. JAMES: I think that makes more sense.

MR. GOLDSTEIN: That's right. That's why I had it marked. See, the very reason -- normally, see, we don't put the State money up until they spend the other money to be darn sure that we're going to get our benefit from it. I mean, I want to see this building restored. It's a unique location. It's a very historic building.

MR. PENCEK: We certainly do, too.

MR. GOLDSTEIN: And I know I work with another

group. I made a personal contribution, and I want to see it done.

MR. PENCEK: We think we've got it going now.

MR. GOLDSTEIN: Well, can you amend that?

MR. PENCEK: We certainly will.

MR. JAMES: All right. I think that makes sense.

MR. GOLDSTEIN: Well, in other words, your statement is that currently you'll have some State money and it will be matched by some other money, say, \$400,000?

MR. PENCEK: (Nods head affirmatively.)

MR. GOLDSTEIN: Thank you.

MR. PENCEK: Thank you.

MR. JAMES: I move we approve it.

MR. GOLDSTEIN: I second the motion with that understanding.

GOVERNOR HUGHES: It's been moved and seconded that Item 33-CGL be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. Thank you very

much. All right. The last public appearance is the University of Maryland.

MS. HENDERSON: If I might, just before you get to the next agenda item --

MR. GOLDSTEIN: Oh, Ms. Henderson.

MS. HENDERSON: -- because the Orchard Street Church project is very near and dear to me. I've been involved for the last three years. I want to thank you, Governor and the Board, the State Treasurer, of course, and Mr. Goldstein who's been a long-time friend of the church; and I will say that the church will be an asset to the State, certainly not a liability; and I'll be very happy to see it moving forward. Thank you for your support.

MR. GOLDSTEIN: Thank you, ma'am.

GOVERNOR HUGHES: Thank you. All right. Secretary's Agenda, Supplement C, which I assume is University of Maryland, Item 6-M. Take another elevator ride.

MR. JOHNSON: Good morning. My name is Earl Johnson, representative of Standard Elevator Company, a division of Westinghouse Electric Corporation. I'm here this morning to ask that the Board, prior to awarding any maintenance

contract on the elevators at the University of Maryland, College Park, take into consideration all financial outlays called for in the specifications. I say that because, as it's written now, they're only going to take into consideration four of the items: basic maintenance, testing of hydraulic elevators, and an item called time and material requirements and provisions.

This time and material requirement provisions is a one-time factor. It really has no bearing on maintenance. It normally is handled as a separate item, both with established rates and a mark-up specified; and, quoting from the "spec," "There is no guarantee that this provision will be used, but is dependent upon available funds, fund sources as deemed in the best interest of the University." Based on the bid results, if they only took the first four items, Elcon Enterprises would be the low bidder; only because that fourth item, the time and material factor, they were extremely low.

There are three other factors in this bid: testing of cable elevators, emergency call-backs Monday through Friday, emergency call-backs Saturday, Sunday and holidays.

On each of these three items, the Standard Elevator Company is low. On the testing of cable elevators, we're low \$2,850. Emergency call-backs Monday through Friday, Standard Elevator quote is \$45 an hour. Projected over a year's time and based on what was expended in 1983, it's 50 paid hours. Elcon is \$70 an hour; and, again, projecting over 50 hours, the Standard Elevator Company would be \$1,250 low.

The biggest item that's being omitted from the maintenance consideration is emergency call-backs Saturday, Sunday and holidays; and this is where Standard Elevator Company again quotes \$45 an hour. Elcon quotes \$92 an hour. Now, on week-ends is where you have your call-backs. Most of these are in dormitories, and this is where the action is. Based on records, there was 320 hours of this time used and paid for in 1983. Projecting that, the Standard Elevator Company's bid would be \$14,400. Elcon would be \$29,120. Taking this in the overall, if you take all maintenance items, Standard Elevator Company is low. Take all items, Standard Elevator's company is low.

This one item about the time and material factor, it's an item that may or may not be done. It's an item

that's been over there for a couple years being kicked around, and this is a five-year contract. The maintenance prices I have quoted you are firm for five years, except that they are adjusted annually in accordance with a formula in the specifications. Bearing this in mind, I respectfully request that the contract -- the Standard Elevator Company be considered as the lowest responsive and responsible bidder on this contract.

I have documentation.

MR. GOLDSTEIN: Sir, let me ask you a question.

At the present time, are you all maintaining these elevators?

MR. JOHNSON: Yes, sir. We have maintained the elevators since the early part of November 1980.

MR. GOLDSTEIN: November 1980?

MR. JOHNSON: Yes, sir. We were called in because the elevator plant, which consists of 110 units, was in such deplorable condition, that we were called in early to straighten out the elevators; and we have taken what we refer to as a "rat's nest," a disaster, and converted it into a pliable, reliable elevator system in the University.

MR. GOLDSTEIN: Now, you say now, I think, emergency

call-backs Saturday, Sunday and holidays.

MR. JOHNSON: Yes, sir.

MR. GOLDSTEIN: That's when they've got a lot of people on the campus, football games, basketball games.

MR. JOHNSON: That's when everybody is on campus.

MR. JAMES: That's when they tear things up.

MR. GOLDSTEIN: That's right. And your rate is \$45 an hour.

MR. JOHNSON: Forty-five.

MR. GOLDSTEIN: And the other company is \$92 an hour.

MR. JOHNSON: Ninety-two. Quite a spread.

MR. GOLDSTEIN: My soul and body, almost double. Well, it is more than double. It's 47 --

MR. JOHNSON: Well, may I bring up one thing? At --

MR. GOLDSTEIN: -- \$47 an hour higher.

MR. JOHNSON: Yes, sir, twice as much.

MR. GOLDSTEIN: And you say there was 320 hours during 1983?

MR. JOHNSON: Three hundred and twenty hours in 1983, documented. As a matter of fact, at the pre-bid conference,

I raised this question with regard to this, knowing that this could happen, what I would call "the tail would be wagging the dog." If this contract would be let on that basis, these people, the Elcon Corporation, would be taking this simply on something that wouldn't happen -- may not happen. It may and may not, but there certainly is room for them to pick up any money with your \$92 an hour. And, at that meeting, Mr. Armstrong of the Purchasing Department stressed that the contractors were not to bid low on one phase so that they could be low in the overall bid and then possibly pick it up on some of the extras.

MR. GOLDSTEIN: See, that's what you call bidding low to get the contract.

MR. JOHNSON: "Low-balling."

MR. GOLDSTEIN: "Low-balling," yes.

MR. JOHNSON: Yes, sir.

MR. GOLDSTEIN: I've heard that expression used. Is that what it means, "low-balling"? I get you.

MR. JOHNSON: "Low-balling."

MR. GOLDSTEIN: Have you had any complaints about your work over there?

MR. JOHNSON: No, sir. People in the physical plant, resident life are very well satisfied.

MR. GOLDSTEIN: Thank you, sir.

MR. JOHNSON: Thank you.

MR. BRANDT: My name is Warren Brandt, University of Maryland. The problem we have is the point that has been raised is certainly a valid point, but the specifications specifically said that that item would not be included in evaluating the winning bidder.

MR. GOLDSTEIN: Why not?

MR. JAMES: Why not?

MR. GOLDSTEIN: Why not?

MR. BRANDT: Because the experience with the elevator --

MR. GOLDSTEIN: Whose idea was that?

MR. BRANDT: Pardon?

MR. GOLDSTEIN: Whose idea was that?

MR. BRANDT: Well, I'll let Dr. Kriemelmeyer speak to it, but apparently the experience with the elevators has been improving, as the man from Standard Elevator indicated, and the overtime has been decreasing; and it was enough of a

variable factor that we didn't think that that should be included in the evaluation of bids. So, according to the bid documents, it could not legitimately be included in making the evaluation.

MR. JAMES: I want to ask another question about this. It seems to me five years for a maintenance contract is a very long time. It looks to me as though it's an effort to get around the procurement law.

MR. BRANDT: Well, I'll let Dr. Kriemelmeyer speak to that.

MR. KRIEMELMEYER: My name is Harry Kriemelmeyer, University of Maryland, College Park. I'd like first to pass on to Mr. Johnson that, representing Physical Plant, we are very pleased with the work Standard has done.

MR. JOHNSON: Thank you, sir. Thank you.

MR. KRIEMELMEYER: We would like to see you stay through what is required of us, otherwise known as the competitive bid process. We have moved out onto the market with the best efforts in combining three different factors: generalized maintenance, modifications to these elevators which come in "dribs and drabs" for handicapped accessibility

and/or repairs that would not be in their normal maintenance scope; and, thirdly, would be testing as required by the State. We've found in the past that you cannot separate these. You cannot put out a contract to install a handicap modification while the elevator is in some other contractor's maintenance portfolio. This is unfair on both contractors and leaves the University in the middle. So we tried to bring these together in a way that we could legitimately prevent somebody from "low-balling" or "high-balling." We did not include the call-back hours. Our experience is that, with the drinking age change which is occurring, the vandalism in the dormitories is on a reducing rate. We believe it's on a significantly reducing rate. Mr. Johnson may disagree, but we are in control of call-backs; and it is our belief that we will not see much above 100 hours of call-backs in the coming year because of the reduction in the alcohol use, particularly on week-ends.

MR. GOLDSTEIN: Well, you say 100 hours; 100 hours -- the difference is \$47 an hour; so that would be 100 times \$47.

MR. KRIEMELMEYER: Yes, sir. The difference in the base bid is added together for the major factors, is

\$12,200.

MR. GOLDSTEIN: But wait a while, but 320 hours was call-back in 1983, and the law has been in effect -- we're talking about drinking from off the campus; that's what we're talking about.

MR. KRIEMELMEYER: Yes, sir.

MR. GOLDSTEIN: But they still drink on the campus, you know that.

MR. KRIEMELMEYER: But it notches every year where the --

MR. GOLDSTEIN: I'm on that campus for every home football game and every home basketball game. I was there last Friday night for the basketball banquet. I get on that campus quite often, and I've got eyes that see and a nose that smells. I know what the hell goes on on campuses. I'm Chairman of the Board of another college on the Eastern Shore, and I observe things.

MR. KRIEMELMEYER: There is a base bid difference of about \$12,200, round figure.

MR. JAMES: How could you leave out an important element like week-end service? How could you leave that out?

MR. KRIEMELMEYER: We have it in there if there is a requirement to call back; but every elevator that goes down does not require a call-back. The academic facilities do not require them; and, in the dormitories, we would call back only when we've lost redundancy of elevators. Most of the high-rise dorms have three or four elevators in them. We would not call back until we're down to the last one.

MR. JAMES: Well, wouldn't emergency service on the week-end for an elevator be extremely important?

MR. KRIEMELMEYER: Yes, sir, it is important. We've covered it, and the "sharp pencil" competitor went high. I have to admit that. My position is that the relationship between the low acceptable bidder, Elcon, and the --

MR. JAMES: Well, that's how they got the bid.

MR. KRIEMELMEYER: That could well be, but I'm still saying it's our estimation that we will not close the difference of \$12,200 in the course of the year.

MR. JAMES: Well, that's not -- is that annual?

MR. GOLDSTEIN: See, it's \$12,000 difference.

GOVERNOR HUGHES: What you're saying is that the call-back, whatever, that week-ends and things --

MR. GOLDSTEIN: Emergency.

GOVERNOR HUGHES: -- is so uncertain --

MR. KRIEMELMEYER: Yes, sir, we --

GOVERNOR HUGHES: -- that you don't think you can fairly base a bid on that or determine a low bid because it's so uncertain.

MR. KRIEMELMEYER: It's, first of all, within our discretion, and it's dependent on what elevators are up in any given building versus what went down; and, if we're on the last one that goes down, we must call them in because the high-rises can't function without the elevators; but it's our experience from resident life that vandalism is reducing very rapidly, and we believe it's mainly because of the drinking changes.

GOVERNOR HUGHES: Well, could you do it -- by the time I get through this office, I'll be an expert on elevator maintenance and contracts and all that, and you can hire me as a consultant, Earl, to handle all State elevators.

(Laughter.)

GOVERNOR HUGHES: Couldn't you do it this way: if that is so uncertain, that in your specs say we're going to

pay everybody so much an hour for this call-back, now you bid on the rest, that we're setting the price on the call-backs?

MR. KRIEMELMEYER: We could do that, sir, yes. You'd have to set how many hours you would use in order to determine what was low bid because, otherwise, you'd have a variable factor in there that you couldn't pin down

MR. GOLDSTEIN: Well, I know this, I'm on that campus quite frequently, and you say --

GOVERNOR HUGHES: No. Why? Why would you, if you set the price per hour?

MR. KRIEMELMEYER: We could set --

GOVERNOR HUGHES: You're in control of how many hours you call them back.

MR. KRIEMELMEYER: We could set in the bid document --

GOVERNOR HUGHES: And everybody starts off knowing that they're going to get this if they're called back on a week-end.

MR. KRIEMELMEYER: Yes.

GOVERNOR HUGHES: Everybody is going to get the same.

MR. KRIEMELMEYER: Right.

GOVERNOR HUGHES: So they bid on the rest.

MR. KRIEMELMEYER: His price is approximately three times the mechanic payroll, and the other person's price is four and a half or six times, depending upon whether it's a Monday through Friday or a week-end. They've given us a good incentive to make sure we have elevators up and operating and not call them back.

MR. GOLDSTEIN: Yes, but here you have in '83 -- you have a record, 320 hours, the call-back on the week-ends and holidays. To date, on the '84, how much has it been, say, for the first three months?

MR. KRIEMELMEYER: I don't have the numbers, sir.

MR. GOLDSTEIN: I wonder if they have it.

MR. KRIEMELMEYER: Standard would be the one operating --

MR. JOHNSON: I do not have an up-to-date figure, but it's running comparable to '83.

MR. GOLDSTEIN: Is that right?

MR. JOHNSON: And I would have to disagree with why call-backs would diminish. I feel that drinking has nothing to do with it. They're going to carry on on week-ends. We will be called on week-ends.

MR. GOLDSTEIN: Right.

MR. JOHNSON: Regardless of what should happen, we're going to be called; we're going to respond to it, but the maintenance itself, the quality of maintenance, will also affect your call-backs; and the reason they have been brought down over the last three years is because of the quality of maintenance that Standard Elevator Company has rendered.

MR. KRIEMELMEYER: I agree with Mr. Johnson on that. It's been good quality.

MR. JOHNSON: And we now are going to an unknown quantity with Elcon.

MR. GOLDSTEIN: Thank you, sir. I think that's so important.

MR. JAMES: Well, what about the length of this thing? I think normally you have a State contract -- you have it one year with two options, and then you have competitive bidding within a reasonable term, where here you're eliminating competitive bidding for five years; and I think that's too long. I know what you're doing.

MR. KRIEMELMEYER: Sir, we have a very complex

elevator situation at College Park. It has a long learning curve. It also has a situation -- this is not a comment about Standard -- but, at least, predecessors, we've seen they tail off their maintenances there in the last end of their contract. That is not a comment about Standard.

MR. JOHNSON: Thank you.

MR. KRIEMELMEYER: You came in and you picked up a "rat's nest" and you straightened it out.

GOVERNOR HUGHES: You fellows get along very well to be disagreeing.

(Laughter.)

MR. MANLEY: I agree with you, Governor.

MR. KRIEMELMEYER: I'd like to see them back, but we put out a bid document, and it came out differently.

MR. GOLDSTEIN: Yes; but, if you had put that weekend in there, they would have been the low bidder, you see.

MR. KRIEMELMEYER: That's entirely possible, sir.

MR. GOLDSTEIN: And that's why I'm not going to vote for this like it is today, I can tell you, sir.

MR. JAMES: I'm not either.

MR. GOLDSTEIN: I'm not going to vote for this

today.

MR. JAMES: I'm not going to vote.

MR. GOLDSTEIN: This is not right. Here's the Standard Elevator Company, a subsidiary of Westinghouse, one of the finest companies in the United States; and the way you have this thing written, you deprived them of this contract; and they've been there -- you say they took a "rat's nest" and made a --

GOVERNOR HUGHES: First-class operation.

MR. GOLDSTEIN: -- first-class operation, you see. Here's a Maryland company that pays Maryland taxes; and the way you wrote that specification, you deprived them. That's not right, sir; and you go back and --

MR. KRIEMELMEYER: Yes. May I --

MR. GOLDSTEIN: -- tell John Toll, who's my very close friend, that I don't approve of that kind of business. Put it right in the record, sir.

MR. KRIEMELMEYER: May I presume to offer the Board a suggestion to allow us to extend Standard's contract until the first of August and allow us to rebid inclusive of the call-back?

MR. GOLDSTEIN: I make that motion. I would say you make it until October because the school opens up around the first part of September, and they've got to get those damn elevators -- bring all of those -- carry machines up there and their clothes and their boots and all that business.

MR. KRIEMELMEYER: That's fine, sir.

MR. JAMES: I think it ought to be one-year or two-year renewal and two options.

MR. GOLDSTEIN: That's right. This things is not right. This thing just don't smell right to me, sir. I've got to be perfectly candid.

MR. KRIEMELMEYER: Okay.

GOVERNOR HUGHES: Well, do you need any motion to extend the contract? You're going to withdraw this one now, I assume.

MR. KRIEMELMEYER: Yes, sir, because we are on an emergency extension at this point.

GOVERNOR HUGHES: Well, do I hear a motion to extend it to October 1?

MR. GOLDSTEIN: I move the present contract with Standard Elevator be extended until October 1, and you rebid

this and include this week-end and emergency, holidays and all, what have you.

MR. KRIEMELMEYER: We shall, sir.

MR. GOLDSTEIN: Yes, sir.

MR. JAMES: I'll second the motion.

MR. JOHNSON: Thank you, sir.

MR. KRIEMELMEYER: Thank you.

GOVERNOR HUGHES: All in favor of the motion, signify by saying "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. Thank you all. I think that concludes all the public appearances, doesn't it?

MR. JAMES: Yes.

MR. GOLDSTEIN: Right.

GOVERNOR HUGHES: Budget Department, Marriott.

MR. JAMES: Well, I just want to take a look at my notes. I don't think I have anything on it.

MS. REYNOLD: 4-S, page 4.

MR. GOLDSTEIN: Item 4-S?

MS. REYNOLD: There it is.

MR. GOLDSTEIN: I didn't have no question on that 4-S, no.

MR. JAMES: Food contract, yes, 4-S.

MR. GOLDSTEIN: They do a good job down at St. Mary's College. The food is real good. You know, you were down eating that food the other day, the other Sunday.

GOVERNOR HUGHES: That was delicious.

MR. GOLDSTEIN: I move we approve Item 4-S at the Frostburg State College, Marriott Corporation.

MR. JAMES: I did have one question about it, and this says, "Prices to be negotiated for each year subsequent to the first year," which means that basically -- let's see, how long does this go? This goes for three years.

GOVERNOR HUGHES: The term is two years, a little over two years.

MR. JAMES: Three -- no, it has three one-year options. Says the first is a two-year contract with three one-year options. Now, the question I had in my notes --

MS. REYNOLD: Two-year contract -- you can go to

five years.

MR. JAMES: -- was that it seems to me you're avoiding the competitive bidding process if you have a two-year contract and then, after that, you really don't have any competition. You just negotiate, and it seems to me that that's questionable; and so that's what I had in my notes. I'd like to hear something about that. In other words, are there any standards within which you must negotiate, or do you just have a free option to make any kind of a negotiation after the two years that you want to?

MR. GUILD: After the initial two years -- I'm Nelson Guild, President of Frostburg State.

MR. JAMES: Yes. A five-year contract, that's a long contract.

MR. GUILD: Right. After the first two years, it would be a five-year renegotiation; but, subject to interruption, of course, or termination in the interim. The reason for that, Mr. James, is that, on the basis of the experience we've had since 1970 with four contract food service organizations, we've discovered some very considerable value in continuity with respect to serving college students quality

food.

MR. JAMES: Well, I don't question that.

MR. GUILD: We've been with one-year contracts. We've been with one contractor who lasted six and a half years, and I'm not justifying six and a half years, but we do attempt to stretch it out for a reasonable period of time if we're satisfied with the performance of the contract.

MR. JAMES: I can understand that, but the question that I raise is that if you want a two-year -- you want a three-year contract; but, when you have a two-year contract and then you negotiate it for the three following years, you avoid the competitive bidding process, and you really reduce it to almost a sole source operation; and I think that's an avoidance of the competitive bidding law.

GOVERNOR HUGHES: What, does the renewal have to come back here for approval?

MS. REYNOLD: The renewal would only be reported to you on the PAAR report, once you approve this as --

MR. JAMES: No, renewal doesn't have to come back here. Whatever they do, they're authorized to do. I think that's very questionable from a legal standpoint. You know,

if you have renewals under specific standards, the cost of living would be used as a test, or the wage rates would be built into it as a test, and the standards would dictate the price of renewal; but, when you just have a carte blanche to renew, I question its legality.

GOVERNOR HUGHES: You have the right to terminate this contract?

MR. GUILD: That's correct, Governor.

GOVERNOR HUGHES: Why don't you just make it a three-year contract without renewal?

MR. GUILD: I'd like Mr. Mike Langrehr, my Vice-President for Administration, to speak to that question.

MR. LANGREHR: Well, five years is basically an industry standard, as the St. Mary's contract. We copied our contract, basically, after St. Mary's; and the reason for it is, is generally in the first year there's a considerable up-front investment on the part of the contractor in investing in equipment to start up the contract, and we only negotiate price; and we feel that, if you put a standard in there such as the cost of living or whatever -- we've been able to in our current contract to negotiate at less

than the price of inflation. We think that we are able to get a reasonably good contract by saying -- starting off with in one case, saying, "We'll give you nothing increase;" and, of course, we come back to the Board of Public Works every year for -- I mean, after the second year, for them to approve our negotiation, and you'll be able to see at that point in time what price we've renegotiated.

GOVERNOR HUGHES: You're saying that isn't so, that we could make it so.

MS. REYNOLD: It would be reported on the PAAR report rather than your action agenda.

GOVERNOR HUGHES: Yes, after the fact.

MS. REYNOLD: Yes, sir. Yes, sir; but I think, if you felt more comfortable with it, you could ask them to --

MR. JAMES: I feel as though some standards ought to be built into those renewals.

MR. GOLDSTEIN: I think you're right; you know, in other words, the cost of CPI, labor.

MR. JAMES: I think you can do it. I think -- but I don't question that the continuity is valuable, but no State agency is supposed to have a carte blanche on negotiating

contracts or the renewal.

GOVERNOR HUGHES: Are there any standards in the renewal, such as --

MR. LANGREHR: We change nothing in the renewal other than we renegotiate the price. That's the only thing we change. We --

GOVERNOR HUGHES: I mean on the price, is there anything --

MR. LANGREHR: No, there's nothing in there, and we've been successful in -- as a matter of fact, as I say, we've been lower than the rate of inflation.

MR. JAMES: Well, approve it for the two years and let them come back and see if they can amend the contract to provide the standards.

MR. GOLDSTEIN: The Governor suggested making it three years.

GOVERNOR HUGHES: I guess they'd have to go out to bid again on that, wouldn't they?

MR. GOLDSTEIN: Sir?

GOVERNOR HUGHES: They'd probably have to go out to bid, I guess, again if I changed the basic term of the

contract.

MR. GOLDSTEIN: Oh, yes. Well, they serve good food down at St. Mary's College.

GOVERNOR HUGHES: Well, how about if we approve it for the two years, and you come back with standards for the renewals on the price?

MR. GUILD: That is possible. The reason I'm hesitating is that there was even some expression of concern by more than one bidder this time around about the short period of the contract. Obviously, they're looking for continuity from their end of things, too; but, if that's the Board's wish, that's what we can do.

GOVERNOR HUGHES: Would it be possible to make it three years without going back to the bid process?

MR. GUILD: That's up to you.

GOVERNOR HUGHES: Well, no, it's up to the law.

MR. LANGREHR: I'm not -- see, that's what I'm saying. I'm not so sure we have to go back. I'm not so sure what COMAR 21 says; or having put out a bid "spec" that says one thing --

GOVERNOR HUGHES: Based on a two-year term.

MR. LANGREHR: That's a two-year term, and then going back --

GOVERNOR HUGHES: I think you probably have to go back.

MR. LANGREHR: And I'd hate to go rebid it after two years.

MR. GUILD: The time we had a contractor for six and a half years, Governor, COMAR 21 was not in effect at that time; predated it.

GOVERNOR HUGHES: Those days are gone forever, unfortunately.

MR. GUILD: Yes.

MR. GOLDSTEIN: Bill, why don't we let this go, and then we'll make some guidelines for the future for all these different schools?

MS. REYNOLD: Well, maybe what you could do is --

MR. JAMES: Well, we have this all the time.

MR. GOLDSTEIN: I know.

GOVERNOR HUGHES: That's what he's saying. Let's make guidelines for --

MR. GOLDSTEIN: We've got to do this for all

contracts.

GOVERNOR HUGHES: General guidelines for everybody.

MR. GOLDSTEIN: That's what I'm talking about, guidelines for all contracts.

MS. REYNOLD: Maybe for this particular one, you could approve the two years and have them come back before they execute the renewal, so that would --

MR. JAMES: Well, I think under the --

GOVERNOR HUGHES: Yes, they're willing to do that.

MR. GUILD: We'll do that, yes.

MR. JAMES: Well, under the procurement regulations, I think the Board has the right to require any contract to be reported.

MS. REYNOLD: That's correct.

MR. JAMES: So I think that we could work it out so that any renewal could be subject to the approval of the Board of Public Works.

MR. GOLDSTEIN: That ought to be put on the main agenda. That's where it ought to be.

MS. REYNOLD: Yes.

GOVERNOR HUGHES: Why don't we do that? And they

have no problem with that.

MR. GOLDSTEIN: Right.

MS. REYNOLD: Prior to execution.

GOVERNOR HUGHES: That we approve it, but subject --

MR. GUILD: Subject to your approval.

GOVERNOR HUGHES: -- to any renewal being approved
by the Board.

MR. LANGREHR: Yes, sir.

GOVERNOR HUGHES: You thought you had to do that,
anyway.

MR. LANGREHR: We've done that. We do it every
year. We bring it -- even for next year, we bring it back.

GOVERNOR HUGHES: Okay.

MR. LANGREHR: We always bring it back before the
year starts.

MR. GOLDSTEIN: It ought to come on the action
agenda.

GOVERNOR HUGHES: Yes, that's right.

MR. JAMES: Yes. Okay.

MS. REYNOLD: Prior to execution.

MR. GOLDSTEIN: I move we approve it with the

understanding that the renewals will come back to the Board of Public Works on the action agenda prior to approval.

MS. REYNOLD: Prior to execution.

MR. GOLDSTEIN: Prior to execution and approval -- approval and execution.

MR. JAMES: Well, I don't really blame you for wanting a long contract. This Article 21 is so much trouble that I don't blame any State agency for trying to get around it.

(Laughter.)

MR. GUILD: You're right.

MR. JAMES: I'm seeing more and more of it all the time.

GOVERNOR HUGHES: Okay. Do you second the motion?

MR. JAMES: I'll second it.

GOVERNOR HUGHES: It's been moved and seconded the item be approved as described. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. GUILD: Thank you very much.

MR. LANGREHR: Thank you.

GOVERNOR HUGHES: Is there anybody else out there that we can get rid of quickly? University of Maryland?

MS. REYNOLD: You want to hear from the University, the rest of their stuff?

GOVERNOR HUGHES: Might as well, hadn't we?

MR. JAMES: All right. Okay.

MS. REYNOLD: Except for that elevator contract.

MR. GOLDSTEIN: Yes. I didn't have anything on the rest of them, the University of Maryland Agenda.

MR. JAMES: Now, 1-C, that's a big amendment. That amendment is 38 percent. I guess that's all right.

MR. GOLDSTEIN: Item 1 is the medical school, isn't it, Doctor? Item Number 1, Howard Hall, is that part of the medical school?

MR. BRANDT: Yes, sir, it certainly is. This is a little bit odd. It's really a different job; but, because it's being done right in the same area, we didn't think we could give it to a separate contractor, and so it was handled as a change order, although it really is a separate job; but

it just seemed to be the most effective way to handle it because they'd have to be working in the same crawl space and the same piping and so on, and we didn't think it would work with two contractors.

MR. GOLDSTEIN: I see on Item Number 3 you got the cooperation of Johns Hopkins for your MIEMSS program.

MR. BRANDT: Yes.

MR. GOLDSTEIN: That's coming along pretty good now, is it?

MR. BRANDT: We think it's doing right well. There's a tremendous amount of data that comes in from out in the field. Every ambulance run is reported and all that.

MR. GOLDSTEIN: Right.

MR. BRANDT: And what they're looking for is a way to handle that tremendous mass of data that's piling in.

MR. GOLDSTEIN: Number 4, janitor service.

MR. JAMES: What happens -- on Number 4, what happens after June 30? I see this is an extension from December 11 through June 30, '84; and what happens after that?

MR. BRANDT: You're up, young man. This is the janitorial where you added the Neonatal, and he wants to know

what happens after the end of the regular contract. Is this an extension or a rebid? Will it be --

MR. DRACH: No, this is an extension of the contract.

MR. BRANDT: Well, this is, but what happens when the contract itself runs out?

MR. DRACH: My name is Joe Drach, the Director of Procurement, University of Maryland Hospital and Professional School. When this contract terminates, it will be rebid in and by and for the hospital under a separate government procurement. The procurement for the hospital will be handled by my office, however.

MR. JAMES: You've got time to do that, have you?

MR. DRACH: Yes, sir. Just barely, sir.

MR. GOLDSTEIN: He's not playing football now. I know he's retiring.

GOVERNOR HUGHES: Who is?

MR. DRACH: No, not me.

MR. GOLDSTEIN: Not retiring?

MR. JAMES: No, he's too young.

MR. DRACH: I'm just working on it.

MR. GOLDSTEIN: We're all working overtime.

MR. JAMES: That's all I have.

GOVERNOR HUGHES: Anything else on University of Maryland?

MR. JAMES: No. I move we approve the agenda --

MR. GOLDSTEIN: I second the motion.

MR. JAMES: -- except as we have specially acted.

MR. GOLDSTEIN: Except Item Number 6-M.

MR. JAMES: Yes.

GOVERNOR HUGHES: It's been moved and seconded that the University of Maryland Agenda be approved except for the item withdrawn. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. BRANDT: Thank you very much, gentlemen.

MR. GOLDSTEIN: Yes, sir.

GOVERNOR HUGHES: Okay. We'll break for lunch.

(Whereupon, a luncheon recess was taken.)

GOVERNOR HUGHES: Department of Transportation.

Do you want to take up those two items?

MR. JAMES: Let's take up those two items.

GOVERNOR HUGHES: I guess we'd better.

MR. JAMES: All right. The first one is Item 28, page 48, on the Secretary's Agenda.

GOVERNOR HUGHES: Yes.

MR. GOLDSTEIN: Yes, sir. All right.

MR. JAMES: On the Brice House.

GOVERNOR HUGHES: On the Brice House, okay.

MR. GOLDSTEIN: Item?

GOVERNOR HUGHES: 28. I have a suggestion on that.

In order to clarify the responsibilities for the final decisions on what happens to the Brice House and in view of the fact that the easement is to the Board of Public Works, I would suggest that -- let me prepare a letter that I'll circulate to the two members in clarifying this; and, with your approval, after everybody approves the letter, we'll send it out in a letter. Is that agreeable?

MR. GOLDSTEIN: Yes, sir.

MR. JAMES: Fine. All right.

GOVERNOR HUGHES: That takes care of that one.

MS. REYNOLD: Do you mean to approve the item per se, the substance of the item, or do you mean to disapprove the item?

MR. JAMES: No. The Board is delegating to the Governor the authority to develop a procedure to handle this item.

MS. REYNOLD: All right. Then, if it's all right with you, I'll record it as disapproved with the understanding that the Governor will --

MR. GOLDSTEIN: No.

GOVERNOR HUGHES: Well, why doesn't it just be withdrawn?

MS. REYNOLD: Okay.

GOVERNOR HUGHES: Withdraw the item --

MS. REYNOLD: Okay.

GOVERNOR HUGHES: -- and then we will handle it by letter.

MS. REYNOLD: Okay.

GOVERNOR HUGHES: Okay?

MS. REYNOLD: Thank you.

MR. GOLDSTEIN: Yes, sir.

GOVERNOR HUGHES: Then the other item was Secretary's Agenda, page 44.

MR. JAMES: Don't you think it would be better to write it as both Governor and Chairman of the Board of Public Works?

GOVERNOR HUGHES: Oh, yes, or all three of us can sign it, certainly.

MR. JAMES: Okay. All right.

MR. GOLDSTEIN: Item?

GOVERNOR HUGHES: Item 24, page 44.

MR. GOLDSTEIN: Yes, sir, Item 44, page 24.

GOVERNOR HUGHES: No, just the other way around.

MR. GOLDSTEIN: Item 24, page 44, right.

MR. JAMES: Which agenda?

GOVERNOR HUGHES: Secretary's Agenda.

MR. JAMES: Secretary's.

MR. GOLDSTEIN: Item 24, okay.

GOVERNOR HUGHES: This is the Attorney General's recommendation on the suspension.

MR. JAMES: Well, I move we accept the Attorney General's recommendation with the exception of the contracts

that are to be awarded, the two contracts.

MR. GOLDSTEIN: Two contracts.

MR. JAMES: Two contracts, which were testified to by Mr. Downs.

GOVERNOR HUGHES: You mean you're accepting the Attorney General's recommendation of immediate suspension --

MR. JAMES: Immediate suspension.

GOVERNOR HUGHES: -- but that the suspension is not to cover the two contracts.

MR. JAMES: The contracts that are in the process of being awarded.

GOVERNOR HUGHES: Yes.

MR. JAMES: Where they're low bidders.

MR. GOLDSTEIN: In other words, that's a contract with reference to -- that's Montgomery Construction Company, 178,151; and the second one is Calvert and Charles County, \$252,164.

MR. JAMES: Yes, that's right.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: Now, I understand this is an immediate suspension, and now they'll be looking into whether

there shall be a disbarment --

MR. JAMES: Right. I understand --

GOVERNOR HUGHES: -- which could cover the supplies as well as the eligibility to bid on contracts.

MR. JAMES: Right.

GOVERNOR HUGHES: Okay. All in favor of the motion, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The motion is carried.

Now we go to Department of Transportation, I think, finally, if we aren't all asleep.

MR. MILLER: Ready to take a nap.

MR. GOLDSTEIN: Been a long day.

MR. JAMES: He's earned his money today. He ordinarily gets out of here early. Do you go back to work when you usually finish here?

MR. MILLER: Yes, sir, definitely.

(Laughter.)

GOVERNOR HUGHES: What did he say?

MR. JAMES: He said he definitely goes back to work after he leaves.

GOVERNOR HUGHES: I thought he said occasionally.

MR. MILLER: Unless there's a lacrosse game.

(Laughter.)

MR. MILLER: Good afternoon. I'm Jim Miller from the Department of Transportation. We have 20 items on today's agenda. We are withdrawing Item 15-GM on page 25.

MR. GOLDSTEIN: You're withdrawing Item 15?

MR. MILLER: Yes, sir, Item 15-GM, page 45 is withdrawn.

MR. GOLDSTEIN: Let me get a hold of that, Item 15.

MR. MILLER: We hand-carried one item, 20-L, page 32, to the pre-Board meeting, and I believe everybody has a copy of that.

MR. GOLDSTEIN: Which one is that now?

MR. MILLER: Item 20-L, page 32, was hand-carried to the pre-Board meeting, and I believe you all have that.

MR. GOLDSTEIN: Yes, that's air rights, right.

MR. MILLER: Yes, sir. At this time, we're prepared

to answer any questions you may have.

GOVERNOR HUGHES: That remains to be seen.

MR. MILLER: Well, we will try. We will try.

(Laughter.)

MR. MILLER: One of us here will try, anyway.

MR. JAMES: Okay.

MR. GOLDSTEIN: I didn't have too many questions on this agenda.

GOVERNOR HUGHES: It's a short agenda.

MR. GOLDSTEIN: My first one -- Bill, what's your first one?

MR. JAMES: Well, the 6, the traction power equipment settlement, which looked all right, but it's pretty complicated. No, that's all right.

Of course, most of this stuff was clarified on Monday. That 18 was an extension of BWI/Washington area transportation services, and that's just -- maybe a word or two on that might be appropriate.

MR. MILLER: Yes, sir. Mr. Schaus is here to answer your questions on that item. If you stay for lunch, you have to get up to speak.

MR. SCHAUS: Good afternoon, gentlemen. I'm Nick Schaus, Deputy Aviation Administrator. Item 18 is an extension through August for the ground transportation services at BWI Airport. This particular contract provides for the operation of the bus service between BWI and Washington, D.C.

We have gone out on the street on March 1 with a request for proposals to have the private sector take over this responsibility, and this request for an extension of the on-going contract is to allow us to complete the procurement process.

MR. JAMES: Well, the only reason I asked about it is that I understand this contract is costing us about 50,000 a month, and it's a very important effort to try to minimize this expense.

MR. GOLDSTEIN: That's right.

MR. JAMES: And I want to compliment you for what you're doing in this area, but it's taken a long time; and is it going to take five months to work this out?

MR. SCHAUS: Well, we hope it doesn't. We're hoping to be to the Board at the end of June with this thing; but, based on some of the inquiries that we've had and some of

the issues as to authorities that have to be granted and acquired by a private operator that the State currently holds, that's why we've asked for an extension; and the extension reads, "No later than August 31." So it's our intentions and hopes of having this come to a conclusion as quickly as possible.

MR. JAMES: What is your approach? Are you going to expect them to supply the buses, or are we going to supply the buses?

MR. SCHAUS: We are offering an alternative, whether the contractor supplies his own bus or uses the buses that we currently have. Dulles Airport just went out for a similar contract like this. They provided the buses, no matter what. We are saying that the prospective proponent has an option whether to use our buses or his own. If he uses ours, that, in effect, would give him a lower standing in the price proposal portion of the evaluation.

MR. GOLDSTEIN: How old are our buses?

MR. SCHAUS: A year and a half.

MR. GOLDSTEIN: They're in pretty good shape, are they?

MR. SCHAUS: Excellent shape, sir.

MR. JAMES: How many do we have?

MR. SCHAUS: Six.

MR. JAMES: Is that adequate?

MR. SCHAUS: Yes.

MR. GOLDSTEIN: Only one and a half years old.

MR. JAMES: Well, those things last a long time.

MR. GOLDSTEIN: What make buses are they?

MR. SCHAUS: They're the Greyhound, and I can't think of their trade name. MCI, I believe is the name.

MR. GOLDSTEIN: They're real nice, comfortable passenger buses.

MR. SCHAUS: They're first-class, top of the line, beautiful pieces of equipment.

MR. GOLDSTEIN: Well, if they're smart, they'll probably use our buses. Look how much less capital they've got to get tied up.

MR. SCHAUS: I would say most proponents who we expect will bid will probably take that option; but, if we had a large company, say, Greyhound or Trailways, they may already have their own rolling stock.

MR. GOLDSTEIN: I get you. Well, you wouldn't have any trouble getting rid of those buses, would you?

MR. SCHAUS: Oh, absolutely not.

GOVERNOR HUGHES: Okay. Thank you.

MR. JAMES: Well, it's a good idea maybe to have some because it gives you a sense of independence if you have any trouble with a contractor that's using private buses. Why, you'd be completely dependent on him. I'm just a little leery of depending completely on a private contractor because that's very limiting in your freedom.

MR. SCHAUS: I can understand where you're coming from. We wrestled with that. We've gone that way, though, on the Baltimore and the Northern Baltimore County/Harford County routes, and we are dependent upon the private sector, and it is working fairly well there.

MR. JAMES: Okay.

MR. GOLDSTEIN: Number 197RP, Governor, is the sale of a parcel of land, 1.0766 acres with a house, which is part of the BWI real estate acquired from Baltimore City. They're selling it to a man that worked for the BWI. He's been renting it for \$65 a month, and it went to \$112 a month; is

that right?

MR. SCHAUS: Initially, in 1972, when the airport was purchased, the rent was at \$67. It was not increased --

MR. GOLDSTEIN: Sixty-seven?

MR. SCHAUS: Sixty-seven.

MR. GOLDSTEIN: Well, you said 65 the other day.
Okay.

MR. SCHAUS: In October of '81, it was increased to \$90. In October of '82, it was increased to \$122. Those increases, it's my understanding, were in accordance, I believe, with the Department of General Services' guidelines as to how -- there's a cap on how high the rent can be increased each year.

MR. GOLDSTEIN: Sixty-five to 112. You say the house is in pretty bad shape?

MR. SCHAUS: Yes, sir. I think my description of a "handy-man delight" is probably appropriate.

MR. GOLDSTEIN: Have you been in the house?

MR. SCHAUS: I have not been in it. I've been outside it. Our facilities maintenance people have been in it, and they described it as in pretty poor condition.

MR. GOLDSTEIN: Okay.

MR. JAMES: This is typical of what happens to a house after the State gets its hands on it.

MR. GOLDSTEIN: Oh, yes. Well, that's taken for granted.

MR. SCHAUS: I couldn't agree with you more.

GOVERNOR HUGHES: Unless it's historic, and then we spend a ton on it.

MR. GOLDSTEIN: Well, no, it's historic -- first, we let it go to deterioration.

MR. JAMES: First, you let it run down, and then you fix it up.

GOVERNOR HUGHES: Yes.

MR. GOLDSTEIN: Yes, then you fix it up, see. I tell you a house is just like your body; you've got to take care of it every day. Got to let the air come in and sun come in and shut the windows at night.

Item 20, I think, Bill, you said you wanted an explanation on Item 20.

MR. JAMES: Oh, I think so; yes, I think so.

MR. MILLER: Yes, sir. Mr. Hartman is here from

us with a continuous access from the station in three directions, through the building north to Fayette Street and south to our own plaza. This is, by the way, at St. Paul and Baltimore Street.

Finally, as part of the lease, the Union Trust Company has agreed to do all the maintenance for us on our entire plaza, snow removal and general cleaning.

MR. JAMES: That's a big item. I think this is a very good deal, Governor.

MR. GOLDSTEIN: I thought you said you wanted the lawyer here, too, to talk about it. You remember? The Attorney General, is he here?

MR. HARTMAN: He was unable to make it this morning -- this afternoon.

MR. GOLDSTEIN: And this rental is in line with other air rights that you have investigated?

MR. HARTMAN: There are very few actual air rights. We approached it as if it was real property, actual land; and, in fact, it's a little bit above the market rates.

MR. JAMES: There was an article in the Morning Sun --

MR. HARTMAN: Right.

MR. JAMES: -- I believe, about it; said there's a couple others in Baltimore City.

MR. HARTMAN: Yes, there's a couple that are just beginning.

MR. JAMES: One of the questions is whether it's assessable or not.

MR. HARTMAN: I don't know if their rate has been established.

MR. JAMES: I imagine it is.

MR. GOLDSTEIN: And you recommend it?

MR. HARTMAN: Highly.

MR. JAMES: What do you think, Governor?

GOVERNOR HUGHES: Oh, yes, I'm very much for it. Very hard negotiations over this site.

MR. HARTMAN: As a matter of fact, it was.

MR. GOLDSTEIN: I move we approve Item 20-L based on the recommendation of Mr. Ron Moser and all the people connected with the Metro.

MR. JAMES: Second.

GOVERNOR HUGHES: What did it come out to per square foot evaluation?

MR. HARTMAN: It came out to \$160 based on a square foot, and there's also a light and air easement, which was valued at 25 percent of that, so \$40 a square foot. As an example, the Trammell Crow paid 110 a square foot for the rest of the site.

GOVERNOR HUGHES: Yes, that's above the market price around there.

MR. HARTMAN: Yes, we think it was on the upper end.

GOVERNOR HUGHES: Okay. On the motion to approve Item 20-L, all in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The item is approved.

MR. GOLDSTEIN: I move we approve the agenda of the Department of Transportation except for the items that were withdrawn or previously approved.

MR. JAMES: Second.

GOVERNOR HUGHES: It's been moved and seconded that the Transportation Agenda be approved except for those

specially acted upon. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. MILLER: Thank you, gentlemen.

GOVERNOR HUGHES: The agenda is approved. Thank you all.

MR. GOLDSTEIN: Have a good day.

GOVERNOR HUGHES: Go back to work, Jim. I see everybody is going that way, and you're going this way.

MR. MILLER: I'm going to get another sandwich.

(Laughter.)

GOVERNOR HUGHES: Is Hopkins playing today?

MR. MILLER: They're anxious.

GOVERNOR HUGHES: Secretary's Agenda.

MS. REYNOLD: Governor, the Secretary's Agenda today consists of 28 items. Items 23 through 28 were hand-carried, and we revised pages 43 and 46.

MR. GOLDSTEIN: Secretary's Agenda.

MR. JAMES: That Wetlands case, did Larry say

anything about this? I never did understand this one.

MR. GOLDSTEIN: What item is that, Bill?

MR. JAMES: Ocean City, Wetlands case.

MR. GOLDSTEIN: What number?

MR. JAMES: That's 4.

MR. GOLDSTEIN: Item 4?

MR. JAMES: Yes. Those maps are pretty hard to follow.

MR. GOLDSTEIN: They're going to put up a performance bond.

MR. JAMES: Now, that's on the --

MR. GOLDSTEIN: That's a lagoon off of Assawoman Bay. It's over on the Bay side. That's a pretty big pipe, isn't it, for a shopping mall?

MR. JAMES: Is that on the mainland? It's Edward Taylor Drive and Coastal -- oh, it's in Ocean City on the ocean, yes.

MR. GOLDSTEIN: That's that new big shopping center going in. Is that north of Golden Sands?

MR. BOSLEY: About 113th Street.

MR. GOLDSTEIN: That's what I thought. I stopped

by there the last time I was down there, back in the early winter.

MR. JAMES: Do you understand this map that's here?

MR. GOLDSTEIN: You're talking about the map here -- I mean, I know where the general area is. You can see the outline.

MR. JAMES: Edward Taylor Road? It's not on the Bay? This is not on the Bay?

MR. GOLDSTEIN: Well, see, it lies to the west of the road, and it runs toward the Bay. See, the outfall is right in the Bay, according to that map. Edward Taylor Road is on the north.

MR. JAMES: This is on the Coastal Highway then?

MR. GOLDSTEIN: Yes. As you go north towards Delaware, it's on the left.

MR. JAMES: I see.

MS. REYNOLD: That's the Coastal Highway there.

MR. GOLDSTEIN: Yes, that's north, that's north, south, that's west, that's east. The ocean is out here. I'm just wondering where they're going to find all these customers for all these shops they're going to be building

there. I went down there, let's see -- I spoke to the seafood people, and they had some real good sales down there. It was after Christmas, I know; it was back in the winter.

MR. JAMES: This Baltimore City, Number 6, is going to create some wetlands. That's a new one. Needs to be approved. Governor, we talked to Larry about trying to get that policy set up about wetland creation in Baltimore City. I don't know if you've seen that or not, but we suggested some changes and sent it back for further review. You know what I'm talking about?

GOVERNOR HUGHES: Was that with the Regional Planning Council?

MR. JAMES: Yes.

MR. GOLDSTEIN: Yes, sir.

MR. JAMES: Department of Natural Resources seems to think this is all right. There's another map right there.

GOVERNOR HUGHES: That's a nice one, too.

MR. JAMES: That's a wonderful map. It's really helpful.

MR. GOLDSTEIN: The trouble with those small scales, you can't tell much. See, over in the office, they have

those large-scale maps hanging on those map racks.

MR. SEBODA: County maps.

MR. GOLDSTEIN: Yes, shows up pretty good. I think I have that. Bill, I have my --

GOVERNOR HUGHES: That's to the left of the Hanover Street Bridge, I believe.

MR. JAMES: Is that where Gwynns Falls comes in?

GOVERNOR HUGHES: On this map area, they're talking about the Middle Branch.

MR. GOLDSTEIN: Let's see, maybe you can see it here better in this water book here. Let's see if we can find it.

MR. SEBODA: Chart 3.

MR. GOLDSTEIN: Sir?

MR. SEBODA: 3.

MR. GOLDSTEIN: Map 3?

MR. SEBODA: Yes, and then they'll probably tell you where it's let off of the next one.

MR. GOLDSTEIN: Let's see, up in Baltimore, it would be --

MR. SEBODA: And then they'll give you an inset

where they'll blow it up.

MR. GOLDSTEIN: They don't say what map number here.

MR. SEBODA: I'm an old boater.

MR. GOLDSTEIN: I keep this in here all the time because it's a lot of information.

GOVERNOR HUGHES: This is the area they're talking about right here. This is the Hanover Street Bridge here.

MR. JAMES: Just off the Hanover Street Bridge, yes.

GOVERNOR HUGHES: This is up in there. It's not a very pretty area. Anything they do there is going to improve it.

MR. JAMES: Oh, I think so, too.

MR. GOLDSTEIN: Oh, yes. You ride around that Riverside Drive and the last time --

MR. JAMES: The only thing in Maryland that is ugly is that which has been created by man, and that's a good example.

MR. GOLDSTEIN: Well, let me tell you this. That young fellow, Garvers, down there at St. Michael's, he has the expertise in creating marshlands. He's one of the best in the world.

MR. SEBODA: There's your blow-up on the harbor, and this is a small version on this page. The next page has the blow-up.

MR. GOLDSTEIN: Does that back up in here?

MR. SEBODA: Yes, and then the next page has a blow-up of the harbor.

GOVERNOR HUGHES: Isn't that the --

MR. GOLDSTEIN: That's the bridge.

GOVERNOR HUGHES: Isn't that Hanover Street? I'm looking upside down now. I can't tell.

MR. GOLDSTEIN: Hanover Street Bridge would be up this way.

MR. SEBODA: That's right. This is the Middle Branch in here.

GOVERNOR HUGHES: What's up in here then? There's the Hanover Street Bridge.

MR. SEBODA: There's the Hanover Street Bridge.

GOVERNOR HUGHES: So it's up in here, see.

MR. GOLDSTEIN: Right up in here, see.

GOVERNOR HUGHES: Yes.

MR. SEBODA: Then, over here, we have it on a larger scale version, the Hanover Street Bridge.

GOVERNOR HUGHES: Okay.

MR. GOLDSTEIN: These maps are very handy. I use them all the time.

MR. JAMES: What, do you carry one with you all the time?

MR. GOLDSTEIN: Yes, I keep it in my briefcase here. You get them over to the Department of Natural Resources.

MR. JAMES: Oh, I've got a couple of them, but I never carry them with me.

MR. GOLDSTEIN: Well, I never know what's going to come up at one of these meetings. You've got to be prepared.

MR. JAMES: They're wonderful maps, they really are.

MR. GOLDSTEIN: Yes, sir, really.

GOVERNOR HUGHES: Are you ready to vote on something?

MR. JAMES: No. Well, we'll just go on. West Ocean City. Oh, I see there is one interesting thing here. Item 12, West Ocean City, I guess this is a follow-up on that failure of that whole project to tie in on the Ocean City side. Maybe we could get a little explanation on this. Has West Ocean City decided to go it alone?

MR. GOLDSTEIN: What item are you on, Bill?

MR. JAMES: 12.

MR. JOHNSON: My name is Clifford Johnson. I'm with State Health. What was your question?

MR. JAMES: Has Ocean City decided to go it alone -- I mean, West Ocean City?

MR. JOHNSON: The treatment is going to be in Ocean City.

MR. JAMES: Oh, it is going to be in Ocean City?

MR. JOHNSON: Yes, sir. Now, there's no plant involved here. This is a collection and transmission.

MR. JAMES: You know, there was a time when they were conditioning that upon certain things, getting a State grant and all that. Was that -- all that overboard?

MR. JOHNSON: There are a large number of conditions relating to development within this area. I don't know of any conditions with the city of Ocean City regarding taking of the sewage. They're owned by the same outfit.

MR. JAMES: What did you say?

MR. JOHNSON: They're owned by the same Sanitary Commission.

MR. JAMES: Yes. Well, when I went down there,

why, they were talking about putting the pipes in all through West Ocean City and then tying it in with an interceptor across the Assawoman Bay into Ocean City.

MR. GOLDSTEIN: They wanted the State to pay for it.

MR. JOHNSON: That's correct. That's what this project consists of.

MR. JAMES: Yes, and they wanted the State to pay for it, of course. They wanted the State to pay for it, of course.

MR. JOHNSON: Right.

MR. JAMES: It involved putting in some lines up in North Ocean City.

MR. JOHNSON: That -- North Ocean City has gone by the by, as far as I know, unless Ocean City is putting it in themselves.

MR. JAMES: Yes.

MR. JOHNSON: That died.

MR. JAMES: So this is a modified --

MR. JOHNSON: This is the other side of the Bay, and it's an area that's been fairly well developed for quite

a while, and a lot of lots were sold over there, and a lot of people are sitting looking at lots that they can't put anything on.

MR. GOLDSTEIN: This will also take care of that proposed harbor development, seafood.

MR. JOHNSON: There's some discussion in the files on that, and I assume that they would go through this system if and when it is completed.

MR. JAMES: Well, the main thing I wanted to ask is whether this was being tied in with the Ocean City plant.

MR. JOHNSON: Yes, sir.

MR. JAMES: Okay.

MR. GOLDSTEIN: You say it is?

MR. JAMES: Yes, he said it was. Now, is the line across to the plant constructed yet, or is this part of it?

MR. JOHNSON: This is part of this.

MR. JAMES: Okay. Well, it really needs it over there.

MR. JOHNSON: My understanding.

MR. JAMES: Yes. Okay.

MR. GOLDSTEIN: My next one was 25. We've already

done several of them; 24 we've done. We've done -- 23 is the school construction -- transfer of a school in Washington County that meets their requirements.

MR. JAMES: Could I ask a question on 20? Who's the applicant on that shore erosion project in 20, Fred? It says Arundel -- project name, Arundel-On-The-Bay. Is that the name of the corporation?

MR. ESKEW: That's the community.

MR. JAMES: Community. Well, who's the applicant?

MR. ESKEW: Well, the applicant would be the community. This is what they call a shore erosion control district.

MR. JAMES: I see.

MR. ESKEW: And it serves a number of property-owners.

MR. GOLDSTEIN: Arundel-On-The-Bay, you go down Bay Ridge Road, off to the right.

MR. JAMES: Well, that's under the -- I see. I just never --

GOVERNOR HUGHES: It does say down at the bottom there Anne Arundel County for the benefit of Arundel-On-The-

Bay. I don't know what that means.

MR. JAMES: Yes, political. Is Anne Arundel County the technical applicant for them?

MR. ESKEW: Well, when you create a district like this, they make their payments to the county, and the county makes its payments to us.

MR. JAMES: I see. Okay. They've got a lot of those little districts in Anne Arundel County.

On 21, that's a matching grant, and that's -- I don't know whether that money has been borrowed or not, Sandy.

MS. REYNOLD: No, sir, it has not. Your approval of the submission of their certification of matching funds is what would be required to trigger our letter to you to get it placed on the bond sale.

MR. JAMES: Well, make sure we put it in the bond sale, will you? That's a small item, easy to miss. It's the type of thing, maybe we could use the Retainage Fund to get rid of.

MR. GOLDSTEIN: Right.

MR. JAMES: If they're ready to get the money, if they're ready to use it.

25, Louis, did you say?

MR. GOLDSTEIN: Yes, sir -- no, 23, I just mentioned 23. That's the sale of a surplus school up in Washington County. It meets all the requirements. It's for a senior citizens center and a day care center and health.

MR. JAMES: Okay.

MR. GOLDSTEIN: And 25, I had 25. I just wanted to be sure --

MS. REYNOLD: 25 is a recommendation from the Board's Procurement Advisor that you approve the adoption of final regulations concerning information processing. This item was brought to you just a short while ago. I have the date in here somewhere, and which really delegates through Budget and Fiscal Planning to the agencies the planning and purchasing of information processing equipment. The regulations have not changed since those that you approved before, and the public hearing has been held and so forth. So these are really just ready for final approval of the Board.

MR. JAMES: At what level is the -- let's see --

MR. GOLDSTEIN: Hundred thousand.

MR. JAMES: Oh, yes. You know, when you always

read these things, they always say, "Text unchanged, text unchanged." You really don't know what you're looking at.

MR. GOLDSTEIN: Well, that's just like the Federal Code. Does your committee recommend it, Bill? You know, you've been studying all this detail.

MR. JAMES: Haven't been studying this. I think the law authorized the Department of Budget and Fiscal Planning to delegate --

MS. REYNOLD: Yes. There was a law passed the session before this one that --

MR. JAMES: Delegated an area?

MS. REYNOLD: -- in fact, I believe, requires the Secretary of Budget and Fiscal Planning to promulgate regulations whereby these certain functions can be delegated to the agency heads.

MR. GOLDSTEIN: Well, I think the real meat of this, "Agencies may not split or subdivide contracts with a single vendor to avoid this requirement." That's that 100,000.

MS. REYNOLD: Also, the regulations require that there be an information processing master plan approved by Budget; and then, once that's done, then certain procurements

can be made within the guidelines set in that master plan in these regulations.

MR. JAMES: There's the authority right there.

MS. REYNOLD: We're just discussing the regulations on information processing and the fact that there would be -- an agency within an information processing master plan would have certain -- ability to make certain procurements within the guidelines of the plan and in accordance with these regulations.

MR. JAMES: If it's above 100,000, it comes to you.

MR. STETTLER: It comes to me and you.

MR. JAMES: Oh, good.

MR. GOLDSTEIN: Right.

MR. JAMES: I always wanted that. All right.

Okay.

MR. GOLDSTEIN: Number 26, Governor, is where we had the situation where, when we approved the item --

MR. JAMES: Gave them a bum check.

MR. GOLDSTEIN: -- and they came -- and tried to expedite the check, it got in the hands of the wrong individual, and we had to stop payment on the check, and that

caused a lot of confusion.

MR. JAMES: It sure did.

MR. GOLDSTEIN: It sure did, no question about that. The phone was ringing off the hook.

MS. REYNOLD: May I draw your attention to this item? The item that you see before you will provide \$400,000 for the Montgomery County Association of Retarded Citizens from the Capital Improvements Retainage Fund. The other day at pre-Board, Comptroller Goldstein expressed his concern that we make sure that the State funds would not be expended prior to the local expenditure of funds or the recipient's expenditure of funds, which is what we require on all these types of projects.

Let me say I did two things. First, I have some written material that I believe proves that the recipients have expended their money, that the State's money would not be expended until 30 days have elapsed after we approve this; but, moreover, just to be certain, if I may introduce a revised Item Number 26, I've included in it the language that we typically use on the expenditure of matching funds, such that, "No State funds will be disbursed until after

such time as the recipient has presented evidence that it has expended its portion of the required matching fund," and so on. This is the standard language that we use on the matching funds and the other types of grants that the State gives out. So we thought that would make it certain.

MR. GOLDSTEIN: Right. That's a good idea. Don't want a half-finished project. Let's see, we took care of Item 27. We took care of Item 28.

MR. JAMES: We almost took care of Item 28.

MR. GOLDSTEIN: Well, almost.

GOVERNOR HUGHES: Almost.

MR. GOLDSTEIN: Well, when it's in the hands of the Governor, I know it's taken care of. That's the faith I have in the Governor.

MR. JAMES: Okay. I move we approve the agenda except as we have specially acted.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the Secretary's Agenda be approved except where specially acted on. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. JAMES: Program Open Space, I move we approve that agenda. I don't have anything particularly to bring up. That Red Run Park is an expensive job out there in Baltimore County, that Item 4A.

MR. GOLDSTEIN: Well, Bill, you had to leave the other day. That's a good project. You ought to see the --

MR. JAMES: Yes, I talked to Fred about it.

MR. GOLDSTEIN: -- stone building there. I doubt if you could build that building for a half a million dollars, that big stone building on that property.

GOVERNOR HUGHES: They got another million dollars.

MR. GOLDSTEIN: Sir?

GOVERNOR HUGHES: I think they got another million dollars in the capital improvements for this -- capital budget. Is this Red Run, did you say?

MR. JAMES: Yes.

GOVERNOR HUGHES: Maybe I've got it mixed up with something else.

MR. JAMES: Red Run/Owings Mill Park.

MR. GOLDSTEIN: And Item 6A is a right expensive piece of property, \$10.44 a square foot. That's supposed to be a big project when they finish that. That's that Carroll Creek; runs right through the City of Frederick.

GOVERNOR HUGHES: Well, they need it to fill up the swimming pool.

MR. GOLDSTEIN: Sir?

GOVERNOR HUGHES: They're going to need it to fill up the swimming pool that we're going to build.

MR. GOLDSTEIN: Swimming pool right there in the city?

GOVERNOR HUGHES: Yes, right in the city, \$500,000.

MR. GOLDSTEIN: Well, that's cheap. We're building one at Washington College. Thought it was going to cost about a million dollars. It's going to cost about a million eight.

GOVERNOR HUGHES: A swimming pool?

MR. GOLDSTEIN: Yes, sir. Well, in order to attract these conventions in the summer, you know, in June, July and August, and you can make a lot of money. Then you

utilize your room, and you close down. Then you've got to have a nice facility, and it will pay for itself, because we're charging them extra per day for the use of the swimming pool.

MR. SEBODA: That's indoor, though, isn't it?

MR. GOLDSTEIN: Oh, yes, but it will be nice, though.

MR. JAMES: Where are you getting that kind of money?

MR. GOLDSTEIN: I found a very distinguished gentlemen from Montgomery County who wanted to do something for Washington College, and he's putting up the money to build a pool, and he's going to give us another five million. So I'm going to get around seven million out of that distinguished gentlemen.

MR. JAMES: My goodness.

MR. GOLDSTEIN: I'm working overtime. That's what I do in my spare time. That's what I do in my spare time.

MR. JAMES: I see.

MR. GOLDSTEIN: Well, I love Washington College. I went there, you see, and I'm deeply indebted to that wonderful school and the Eastern Shore folks that took a

stranger in and showed him the right way of life.

MR. JAMES: You must have been really poor when you were young, the way you talk about it.

MR. GOLDSTEIN: Well, I was poor as far as money was concerned, but I wasn't poor as far as good health and food was concerned. I always had plenty of good food to eat. I didn't have much money, but I had a good time just the same. For 50 cents, you could take a girl out --

MR. JAMES: I don't believe all this poor talk you give me, you know that.

MR. GOLDSTEIN: For 50 cents, you could take a girl to the movies in Chestertown, buy her a nice ice cream, take her for a walk. Things were right simple in those days. They're right complicated now.

MR. JAMES: Father had that big business down there in Prince George's County with all the mules and --

MR. GOLDSTEIN: Calvert County.

MR. JAMES: I mean Calvert County, yes.

MR. GOLDSTEIN: Don't get me mixed up with Prince George's today. All right. Let's see.

GOVERNOR HUGHES: Is that all on Open Space?

MR. JAMES: I move we approve Open Space.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the Open Space Agenda be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. Budget and Fiscal Planning.

MS. REYNOLD: The Budget Agenda today is 16 items, and we would like to withdraw Item 5, page 5, please.

MR. GOLDSTEIN: Item 5, page 5, withdrawn, Hawkins Point. What are they doing down at Hawkins Point? Are they getting any customers?

GOVERNOR HUGHES: No.

MR. GOLDSTEIN: Spent all that money.

GOVERNOR HUGHES: I think we're going to have an announcement on it today or so. Well, they're all taking the stuff to Pennsylvania and Ohio because it's cheaper.

MR. GOLDSTEIN: Well, maybe it's a blessing in disguise.

GOVERNOR HUGHES: Oh, I'm glad to have them not

dump it here.

MR. GOLDSTEIN: That's right.

GOVERNOR HUGHES: Yes. I'm tickled to death, yes.

MR. GOLDSTEIN: Item 3-S, page 3B.

MR. STETTLER: That's hazardous waste.

MR. GOLDSTEIN: Item 3-S on page 3B seems like a real good deal for the University of Maryland, Digital Equipment Corporation.

MS. REYNOLD: Yes, sir. It's -- it has been a good relationship that the University has had with Goddard Space Center. The College of Engineering has obtained some software programs, and they're going to develop a laboratory for using computers to design and do engineering projects. This will be a sharing of the software developed by Goddard; and, likewise, the University will then do some research that Goddard can use, and it seems to have been a very good relationship over time.

Incidentally, I had asked Dr. Brandt to prepare and bring along with him today a letter certifying that there was no -- let's see, no administrators involved in the decisions that had any interest in the company --

MR. GOLDSTEIN: Right.

MS. REYNOLD: -- or had -- the procurement was, otherwise, clouded.

MR. GOLDSTEIN: It's always good to have it in the record.

MR. JAMES: Are you questioning the honesty of people at the University of Maryland?

MR. GOLDSTEIN: No, no, but they had problems with their top man there on computers. There's a lot of that stuff that goes on in this country. You realize that?

MR. JAMES: An ex-employee has just been put in jail out in Indiana -- I mean, Illinois.

GOVERNOR HUGHES: Did they convict him?

MR. JAMES: Yes.

MS. REYNOLD: Yes, going to jail.

MR. GOLDSTEIN: Well, you see, when you're dealing with computers, you have to rely on external forces.

MR. JAMES: Well, when you figure that the head of the Social Security Data Processing System has just been indicted, you know, it just shows you --

MR. GOLDSTEIN: That's what I'm trying to tell you.

Look, it's a vicious business. By the way, Governor, I think both of the computer fraud bills passed, one for the government and one for business, 121 and -- I forgot the number of the other one. So we're in pretty good business. It involves so much money. It's big business, you know that.

MR. JAMES: Oh, yes.

MR. GOLDSTEIN: My next one is Item 7-G.

MR. JAMES: Yes, that's my next one.

MS. REYNOLD: Item 7 is a request for approval of out-of-country travel by the Director of the World Trade Center, and --

MR. JAMES: Where's he going?

MS. REYNOLD: -- we inadvertently left it off the agenda to tell you where he was going.

MR. GOLDSTEIN: That's what I wanted to find out.

MS. REYNOLD: Lisbon, Portugal.

GOVERNOR HUGHES: He's going \$1,700 worth.

MR. JAMES: Portugal.

MS. REYNOLD: Lisbon, Portugal.

MR. JAMES: That ought to be a nice place to be at a convention.

MS. REYNOLD: Certainly should.

MR. GOLDSTEIN: Well now, there's a lot of hotels in Lisbon. I was in Lisbon in November. My wife and I went to Lisbon and North Africa and Spain. Lisbon is a beautiful city, and the prices are very reasonable there, about the most reasonable in all of Europe I've ever been in.

GOVERNOR HUGHES: Is that right? Spain, too.

MR. GOLDSTEIN: And the food is good, and the people are nice and glad to see you.

MR. JAMES: This guy has got a good job, hasn't he? I bet he gets a good trip every year.

MR. GOLDSTEIN: How long is he going to stay over there; do you know?

MS. REYNOLD: I think it's about seven days.

MR. GOLDSTEIN: Seven days. Well now, you can stay in a first-class hotel over there for about \$40. You can stay in another one for about 100.

MS. REYNOLD: Let me just double-check. I'm depending on my memory here.

MR. STETTLER: April 28 through May 2.

MR. GOLDSTEIN: You know, I look at this price.

I went away for two weeks.--

MS. REYNOLD: Yes, it is a week, Mr. Goldstein.

MR. STETTLER: That's how long he'll be away on official business.

MS. REYNOLD: Yes.

MR. GOLDSTEIN: -- to Portugal and to North Africa and Spain, and it didn't cost \$1,700 each.

GOVERNOR HUGHES: Did not?

MR. GOLDSTEIN: I traveled TWA. They had a regular tour. That included air fare and everything. It wasn't 1,700. Of course, if you travel first-class, it's going to cost you that.

GOVERNOR HUGHES: But we don't travel first-class. The rates have gone up.

MR. GOLDSTEIN: But TWA has some of the best trips, I discovered, of all the airlines overseas. They're much better -- I won't mention the different companies, but I've taken -- we try to go somewhere every year for two weeks, and I've found TWA is the best, the accommodations and the food and everything. Much better than some of these other outfits.

I don't have anything else, Bill, on her agenda.

Do you?

MR. JAMES: No. That's my last one.

MR. GOLDSTEIN: I move we approve the Secretary's Budget Agenda.

MR. JAMES: Second.

GOVERNOR HUGHES: It's been moved and seconded that the Budget and Fiscal Planning Agenda be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The agenda is approved. General Services.

MR. GOLDSTEIN: It's called TWA Gateway Tours. They're really good.

MR. JAMES: Do they provide you with guide service wherever you go?

MR. GOLDSTEIN: Yes, the best buses. I know they had another one; it was about double. In other words, it was double the price, and they stayed right in some of the same

hotels we were staying in. You know Merritt who works on your Capital Debt -- Colonel and Mrs. Merritt, they were on the trip with us. She has charge of all the personnel up at Maryland National. They're a real nice couple.

MR. SEBODA: Governor, I would like to point out that Item 5-C is the first construction contract on the Somerset County Prison, and that what this will do is give --

GOVERNOR HUGHES: Oh, yes, the roadway.

MR. SEBODA: -- secondary access in, and then we'll also provide a new road for some of the neighbors that were affected.

MR. JAMES: Okay. My first one is 9. It's just an 82 percent change.

MR. SEBODA: This comes about because of the receipt of Federal monies.

MR. GOLDSTEIN: Which one, Bill?

MR. SEBODA: 9-AE-MOD.

MR. GOLDSTEIN: 9-A, right.

MR. SEBODA: On page 9.

MR. GOLDSTEIN: Thank you.

MR. SEBODA: And that, when we get Federal monies,

they require that you only solicit for the design services and that you can't get a price for shop drawings, bidding and then construction supervision; and so that every time we have one that's funded by EPA, that we will have a large change order when we come back to do the construction phase services.

MR. JAMES: I see the Maritime Museum, we approved that one.

MR. GOLDSTEIN: I had Number 11-S, I have, on page 11.

MR. SEBODA: What 11-S is, is the procurement of a consultant to investigate the Martin Luther King Building at Bowie College, that we have a preliminary investigation using our Expert Witness Fund, because we intend to litigate. The problems with this building -- we have problems with the roof. This has the post tension type of construction. There are cracks; and that what it is, is a minor version of what we had out at the Administration Building at Towson University. So that we want to litigate to recover monies so that we can accomplish repairs to the structure.

MR. GOLDSTEIN: Who are you going to go against?

The architect or the builder?

MR. SEBODA: The thing that will tell us is that the expert witness then defines fault on whether it's a design problem or a construction problem.

MR. GOLDSTEIN: Did the same people design the sidewalks around that building?

MR. SEBODA: Yes.

MR. GOLDSTEIN: You look at those, too.

MR. SEBODA: The close in -- immediately to it.

MR. GOLDSTEIN: Yes.

MR. SEBODA: And there was a separate contract that took --

MR. GOLDSTEIN: They're in bad shape, bad shape.

MR. SEBODA: The contractor on this building was Equitable Construction, and the prime design contract was with Tony Johns and Associates.

That 12 is another settlement, in which we had a problem with the condensate and the steam system that was put in at MCI in Hagerstown, and we went against the architect, and that the insurance carrier for the architect opted to settle without going to court; and that this is probably

one of the best settlements that we've had, although it's small, that we've recovered all incidental costs, including paper products used to feed the inmates and loss of laundry business to the laundry up at the prison itself. This brings to a total of 2.5 in recoveries in the last six months.

GOVERNOR HUGHES: 2.5 million?

MR. SEBODA: Yes, sir.

MR. GOLDSTEIN: But you recovered \$79,330.

MR. SEBODA: Yes, sir, 79,330 here. The last agenda, we brought you that 2.1 settlement on the Brown-Boveri contract at College Park on their computer system; and that, in two bites at the apple, we had a total of 330,000 that we picked up on the Towson Administration Building.

MR. JAMES: Well, we're following a policy of vigorous enforcement of our contracts, which is a good idea.

MR. GOLDSTEIN: Item 15 has been withdrawn, hasn't it?

MR. SEBODA: Yes, sir. 15, when we got to that, I was going to withdraw that. Department of Natural Resources asked that this item be withdrawn.

MR. GOLDSTEIN: Item 17.

MR. SEBODA: Item 17 is the purchase of 10.32 acres in Green Ridge State Forest. As was brought out at the pre-Board meeting, the normal range up in that area is 800 to 1,000, but I think Mr. Eskew had a map that was able to show you that it was good road frontage property, and that's not the same type of stuff we were getting in the orchard tract.

MR. GOLDSTEIN: 19, Number 19.

MR. SEBODA: 19 is the purchase of approximately two acres improved in Patapsco State Park. It's on River Road, and that it is a major acquisition for the park because there's park property on both sides. The greatest portion of it is for the improvements.

MR. GOLDSTEIN: Governor, on leases, Item 21-L on page 21, that's parking for the Department of Education. We were leasing it for 35.50 a month. Now they've jacked it up to 59.80. That's an increase of \$24.30 per space.

MR. SEBODA: That's an average price over the five years, and so it's a little --

MR. GOLDSTEIN: Yes.

MR. SEBODA: You had asked me the question, is to

get the information on the exact dollar value of all of the spaces that Education has. They will be paying 46,696 for 68 spaces.

MR. GOLDSTEIN: Forty-six, what? Six ninety-six?

MR. SEBODA: Forty-six, six ninety-six for 68 spaces on 211 West Fayette Street and 33,600 for 34 spaces at 323 and 325 West Baltimore Street; and that this is 143,520 at 308 West Fayette Street, for a total of 302 spaces at a total expenditure of \$222,816.

MR. GOLDSTEIN: Two hundred and twenty-two thousand?

MR. SEBODA: Eight hundred and sixteen.

MR. GOLDSTEIN: In ten years, you could pay for that property out there at BWI and had all that parking for nothing.

MR. SEBODA: Yes. I think that, when we were looking at that, they wanted about 3.5 million, I think was the price for that.

MR. GOLDSTEIN: See, that's very important. If you get a rental place and have parking furnished, you're sitting pretty; but, if you've got to start paying these -- and these prices are going to escalate.

MR. JAMES: Well, basically, this is the State's contribution to Baltimore City for redevelopment.

GOVERNOR HUGHES: Sure, renewal.

MR. GOLDSTEIN: We realize that. I know.

MR. JAMES: That's the price we're paying.

MR. SEBODA: The Civic Plaza was to be the western anchor on the development of the Charles Center and that area. That's much the same as what they want to do in --

MR. JAMES: This is the fount from which Maryland enlightenment springs, the Department of Education.

MR. SEBODA: Also, the building is now where Max Millstone resides because they moved him in February.

MR. JAMES: Well, I do say that the headquarters of the Workmen's Compensation is far better than that hole they used to be in.

GOVERNOR HUGHES: Oh, golly.

MR. GOLDSTEIN: Oh, yes, right on the top floors.

MR. SEBODA: Right. They've got the top two and a half floors.

MR. JAMES: Yes.

MR. GOLDSTEIN: Every time I go -- I can remember

going in that building as a little boy. I think I told you that story before. The first time I'd ever come to Baltimore on a steamboat, a man named Pierson -- I can see him now. He was all dressed up in a frocked coat. He walked up those marble steps, and he would greet you, "Mrs. Goldstein, I'm so glad to see you with all those" -- he didn't say devils, but I know he -- we would run all over that damn building. My mother was on a buying trip.

25, 25, that's another parking for \$56.

MR. SEBODA: On the last agenda, we came and asked for 28 spaces, and that there was some discussions with Budget and Fiscal Planning about how many they should actually have, so that we had already solicited for these 15, but held them up until we resolved the differences with Budget; and so this --

MR. GOLDSTEIN: Now you've got 15 more, haven't you?

MR. SEBODA: Right. This brings the total to --

MR. GOLDSTEIN: Forty-three.

MR. SEBODA: -- 43, and that it puts it in line with the policy that Budget put out of one space for every three employees; and so that's better than what they had

down on 108 East Lexington, but it's consistent with what's allowed in Baltimore City.

MR. GOLDSTEIN: Okay. 29, Item 29-L, page 29, that's another big jump in the rent, from 4.29 to \$7.00.

MR. SEBODA: Yes.

MR. GOLDSTEIN: Is the man going to fix the place up?

MR. SEBODA: Right. One of the things that we have to do is put an addition on the building, and it was advertised competitively, and that this was the best price that we'd gotten that fulfilled the needs; and this includes the renovations and the addition for the building.

MR. GOLDSTEIN: Down in that area, you don't have too many buildings.

MR. SEBODA: No.

MR. GOLDSTEIN: You're restricted as to what you can see; am I right, Colonel?

MR. SEBODA: That's it exactly.

MR. BOSLEY: Not too many in Easton, not too many down in Easton.

MR. GOLDSTEIN: We should have kept the Armory.

That would have been a nice place, but we gave that away.

All right. Capital grants, Item 31, page 31.

MR. SEBODA: 31, we had given out a revised item. I think all the Board members have it. There are extra copies here if anyone else needs it. What this is, is construction of a group home in the Hagerstown area, and that there is documentation in the file --

MR. GOLDSTEIN: Have community acceptance?

MR. SEBODA: Right, that that was --

MR. GOLDSTEIN: Do you have it in writing?

MR. SEBODA: Yes, I have it. Bill Clark, who is the Hearing Officer for the Health Department, sent a letter to Bernie Carpenter on September 22, 1983, indicating that they had gone through the community acceptance process.

MR. GOLDSTEIN: But you've got the community acceptance in writing, do you not?

MR. SEBODA: Yes. I always insist on that, that --

MR. GOLDSTEIN: I think it's right.

MR. SEBODA: -- I want a piece of documentation, because any time that I come down, I can give you the names of the people that are certifying to this.

MR. GOLDSTEIN: Right. Good.

MR. SEBODA: And that's why, on that one out at Spring Grove, when I found out they didn't follow through, I advised the Board.

MR. GOLDSTEIN: How about Item Number 32-CGL? They went to the second bidder.

MR. SEBODA: Yes. What this is, is originally this had been brought to you for your approval on February 8, and which they had received competitive bids for handicap modifications; and, since the low bidder was notified of the award of contract, he was in some financial difficulty, and they reorganized, and that he says, you know, he couldn't accept the contract. So we're giving it to the second firm, The Davis Corporation. We've done business with them. They're a reputable firm in Southern Maryland.

MR. GOLDSTEIN: Okay. I move we approve the agenda.

MR. JAMES: Second.

GOVERNOR HUGHES: It's been moved and seconded that the General Services Agenda be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The agenda is approved. Thank you all very much.

(Whereupon, at 2:35 p.m., the proceedings in the above-entitled matter were adjourned.)